SECTION: PIL

IN THE SUPREME COURT OF INDIA
(CIVIL ORIGINAL JURISDICTION)

WRIT PETITION (CIVIL) NO. _____ OF 2021

IN THE MATTER OF:

COMMON CAUSE ....PETITIONERS

VERSUS

UNION OF INDIA & ORS. ....RESPONDENTS

FILING INDEX

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1.	WRIT PETITION WITH AFFIDAVIT	1	520/-
2.	ANNEXURE P1 TO P24	1	NIL
3.	APPLICATION FOR INTERIM DIRECTION	1	100/-
4.	VAKALATNAMA	1	10/-

Prashant Bhushan

(PRASHANT BHUSHAN)
COUNSEL FOR THE PETITIONER
301, NEW LAWYERS CHAMBERS
SUPREME COURT OF INDIA
NEW DELHI 110 001
CODE NO.: 515

NEW DEHI:
DATED : 15.04.2021

DOL RAJ BHANDARI , REGD. CLERK, I.D. NO. 3745, MOB. NO. 9868255076

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(CIVIL ORIGINAL JURISDICTION)

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PAPER BOOK
(FOR INDEX KINDLY SEE INSIDE)

I.A. NO. _____OF 2021
(APPLICATION FOR INTERIM DIRECTION)

COUNSEL FOR THE PETITIONER: **PRASHANT BHUSHAN**

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A1

SECTION: PIL

PROFORMA FOR FIRST LISTING

The case pertains to (Please tick/check the correct box):

☐	Central Act: (Title)	**THE CUSOMS ACT, 1962**
☐	Section	**UNDER SECTION 135 (1)**
☐	Central Rule : (Title)	**-NA-**
☐	Rule No(s):	**-NA -**
☐	State Act: (Title)	**-NA -**
☐	Section :	**-NA -**
☐	State Rule : (Title)	**-NA -**
☐	Rule No(s):	**-NA -**
☐	Impugned Interim Order: (Date)	**-NA -**
☐	Impugned Final Order/Decree: (Date)	**-NA-**
☐	High Court : (Name)	**-NA-**
☐	Names of Judges:	**-NA-**
☐	Tribunal/Authority ; (Name)	**-NA -**
1.	Nature of matter : ☐ Civil ☐ Criminal	
2.	(a) Petitioner/appellant No.1 :	**COMMON CAUSE**
	(b) e-mail ID:	**COMMONCAUSEINDIA@GMAIL.COM**
	(c) Mobile Phone Number:	**09818399055**
3.	(a) Respondent No.1:	**UNION OF INDIA**
	(b) e-mail ID:	**- NA -**
	(c) Mobile Phone Number:	**- NA -**
4.	(a) Main category classification:	**08(0812)**
	(b) Sub classification:	**OTHER PIL MATTER**
5.	Not to be listed before:	**- NA -**
6.	(a) Similar disposed of matter with citation, if any & case details:	**- NA -**
	(b) Similar Pending matter with case details:	**-NA-**

7. **Criminal Matters:**

(a) Whether accused/convict has surrendered: Yes☐ No ☐

(b) FIR No. **- NA -** Date: **- NA -**

(c) Police Station: **- NA -**

(d) Sentence Awarded: **- NA -**

(e) Period of sentence undergone including period of Detention/ Custody Undergone: **- NA -**

8. Land Acquisition Matters: **- NA -**

(a) Date of Section 4 notification: **- NA -**

(b) Date of Section 6 notification: **- NA -**

© Date of Section 17 notification: **- NA -**

9. Tax Matters: State the tax effect: **- NA -**

10. Special Category (first Petitioner/ appellant only): **- NA -**

☐ Senior citizen > 65 years ☐SC/ST ☐Woman/child

☐ Disabled ☐ Legal Aid case ☐ In custody **- NA -**

11. Vehicle Number (in case of Motor Accident Claim matters): **- NA -**

Prashant Bhushan

(PRASHANT BHUSHAN)
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Email: prashantbhush@gmail.com
Mobile No. : 9811164068

New Delhi
Dated : 15.04.2021

SYNOPSIS

The Petitioner is filing the instant writ petition in public interest under Article 32 of the Constitution of India seeking an appropriate writ, order or direction to the Union of India to completely ban export of iron ore (whether in the form of pellets or otherwise) or in the alternative to levy an export duty of 30% on export of iron ore in all forms including pellets (except pellets manufactured and exported by KIOCL); and also an appropriate writ, order or direction to the Union of India to initiate proceedings under Section 11 of the Foreign Trade (Development & Regulation) Act, 1992and Section 135(1) of the Customs Act, 1962, and for levy of appropriate penalty as per law against the mining companies which have been exporting iron ore pellets in contravention of the provisions of India's export policy, thereby, evading the export duty chargeable on export of iron ore pellets, and also direct a thorough and independent investigation into the role of public officials in allowing the same.

It is submitted that iron ores are vital raw materials for iron and steel industry and because of the rising export of iron ore in form of pellets (which are high quality raw materials), the domestic steel industry and thereby the country's economy is made to suffer.

It is submitted that illegal export of iron ore pellets have the ultimate effect of over-exploitation of natural resources, thus, adversely affecting the environment. Therefore, by allowing such illegal export of iron ore pellets to go unchecked, the Government is infringing people's right to clean environment as well as precautionary principle which have been interpreted by this Hon'ble Court to be part and parcel of Article 21 of the Constitution of India. Vide order, dated 29.07.2011, reported in *Govt. of A.P. v. Obulapuram Mining Co. (P) Ltd., (2011) 12 SCC 491,* a three-judge bench of this Hon'ble Court was pleased to suspend the mining operation and transportation in Bellary district of Karnataka on account of the over-exploitation and considerable damage that it had caused to the environment and by keeping in mind the precautionary principle, which is the essence of Article 21 of the Constitution.

Thereafter, vide order, dated 05.08.2011, reported in*Government of A.P. v. Obulapuram Mining Coop. (P) Ltd., (2011) 15 SCC 599,* this Hon'ble Court was pleased to permit the state owned NMDC alone to operate its mines in the extra-ordinary circumstances. This Hon'ble Court further clarified that no part of the said production shall be exported outside India till further orders and that NMDC will sell the production to the States in consultation with Ministry of Steel, Government of India.Now other companies have also been allowed to mine, however, the ban on export of iron ore imposed by this Hon'ble Court is still in force and iron ore from Karnataka cannot be exported out.

Further, in light of this Hon'ble Court's judgments in*Centre for Public Interest Litigation v. Union of India, (2012) 3 SCC 1* and *Natural Resources Allocation, In re, Special Reference No. 1 of 2012*, *(2012) 10 SCC 1*, it is submitted that natural resources, which are considered as national assets, belong to the people and the State acts as a trustee of the said natural resources to ensure that the same are used for the benefit of the real owner i.e. the people of India. Thus, iron ore, being a scarce and precious natural resource belonging to the people, has to be used and exploited for the benefit of the people i.e. its exploitation

should serve public interest. Thus, any policy framed by the State with regard to the utilization of iron ore has to be framed in the interests of the country and not for private interests, otherwise the policy will be liable to be struck down as being arbitrary. If as a result of iron ore export only few mining companies are being benefitted it amounts to iron ore being frittered away at the cost of national interests. Thus, if the State cannot justify as to how its policy related to iron ore export is in public interest then the said policy is liable to be struck down.

It is submitted that during the mining of iron ore large areas of forests are damaged as most of the iron ore rich districts are found in and around forest lands. Thus, if due to increase in iron ore export more and more iron ore mining is done to meet the domestic demands it will completely ravage the forest, environment and natural resources in the long run, completely against the spirit of Article 48-A of Part IV (Directive Principles) of the Constitution of India.

The increase in iron ore export not only adversely impacts the environment by leading to over-exploitation but also directly and severely impacts the domestic steel industry. It is pertinent to mention herein that due to increase in export of good quality iron ore (i.e. iron ore having high Fe content) in recent years the price of this raw material has drastically increased for the domestic steel industry, resulting in increase in the input cost for all steel plants. As a result, the public at large are affected due to high prices of steel as iron and steel industry is regarded as the '*backbone of modern industrial economy'* in any developing country. Thus, it becomes expedient in public interest to completely ban the iron ore exports forthwith for maintaining and sustaining the domestic

steel industry or at the very least levy a 30% export duty on export of iron ore pellets which are not manufacture by KIOCL and are not exported by KIOCL or any entity authorized by KIOCL.

It is submitted that with the increasing iron ore export, India's domestically produced iron ore is serving the needs of foreign market before catering to its own. As a result of rising iron ore prices the price of steel is also rising. The Government of India itself is not able to get steel at viable prices due to the hike in the steel prices due to which viability of various government projects is being affected. It is, therefore, submitted that the existing iron ore export is leading to rising price of iron ore for domestic steel industry, leading to lack of steel and rise in steel prices, adversely affecting all other large numbers of industries dependant on steel for their production and operation. Thus, general public of the country who are the ultimate consumers of the industrial output are the ultimate sufferers.

That Foreign Trade Policy 2009-2014 ("FTP 2009-14") had provided the Exports and Imports shall be 'Free', except when regulated and thatsuch regulation would be as per Foreign Trade Policy and/or ITC

(HS).ITC (HS) contains the item wise export and import policy regimes. Under the FTP 2009-14, Sl.No.104 with Tariff Item HS Code *"26011210"* in Chapter 26 of Schedule 2 (Export Policy) of the ITC (HS), 2012 had provided that the export of "*Iron ore pellets manufactured by Kudremukh Iron Ore Company Limited"* was allowed only through "*Kudremukh Iron Ore Company Limited, Bangalore".*

Thereafter, vide Notification. No. 92(RE- 2013), dated 26.09.2014, in exercise of the powers conferred by Section 5 of the FT(D&R) Act, 1992 read with Para 1.3 of the FTP 2009-14, the Central Government amended Sl. No. 104 [Tariff Item HS Code: *2601 12 10*] of Chapter 26 of Schedule 2 of the ITC (HS) to the effect that the Export Policy was changed from "STE" to "*Free*" and the Nature of Restriction was changed from "*Kudremukh Iron Ore Company Limited, Bangalore"* to "*Export by KIOCL Limited, Bangalore or any entity authorized by KIOCL Limited Bangalore*". It was specifically provided in Point No.3 that the Effect of the said Notification was that KIOCL Limited has been permitted to export its own manufactured iron ore pellets either by itself or through any entity authorized by it for the purpose.

Thereafter the Foreign Trade Policy 2015-2020 ("FTP 2015-20") came into existence on 01.04.2015, under which no change was made in the export policy and nature of restrictions/policy conditions of iron ore pellets i.e. the entry at Sl. No. 104 [Tariff Item HS Code: 2601 12 10] remained the same as amended by the Notification. No. 92(RE- 2013), dated 26.09.2014.

The Central Government reduced the export duty on Iron Ore Pellets [Tariff Item HS Code: 2601 12 10] to 'nil' vide Notification dated 01.03.2011. Vide Notification, dated 27.01.2014, the Central Government increased the export duty on iron ore pellets to 5%. Then vide Notification, dated 04.01.2016, the Central Government again reduced the export duty on iron ore pellets to ‘nil’. Further, vide Notification dated 01.03.2011, the export duty on iron ore [Tariff Item HS Sub-Heading: 2601 11] was increased to 20%, which was further

increased to 30% in coming years. It is pertinent to mention herein that the total exemption from export duty is only for the export of iron ore pellets under ITC HS Code: 26011210 and as noted herein-above, according to the export policy, ITC HS Code: 26011210 is ***“only”*** for export of KIOCL manufactured iron ore pellets either by KIOCL (a Public Sector Company under the Ministry of Steel) or through any other entity authorized by KIOCL.

It has come to light that many mining companies have been illegally exporting iron ore pellets by falsely declaring them under the ITC HS Code *26011210,* thereby, claiming full exemption of export duty, even though as per the export policy conditions, only Kudremukh Iron Ore Company Limited (KIOCL) Limited, Bangalore or any entity authorised by KIOCL Limited, Bangalore is allowed to export Iron ore pellets manufactured by KIOCL.

Pertinently, none of the erring mining companies have been granted any authorisation by the DGFT under Para 2.20(c) of the FTP- 2015-20 to export iron ore pellets which, according to the policy condition stipulated in this regard, can be exported only though KIOCL or through any entity authorized by it for the purpose.

It is pertinent to mention herein that as per Chapter 26 of Schedule 2 of the ITC (HS), 2018 in the FTP 2015-20 (referred to herein-above) read with the Export Tariff 2018-19, "*all iron ore of Fe content upto 64%*" is freely exportable by paying the export duty of 30%. However, by illegally exporting iron ore pellets under ITC HS Code: *26011210,* the mining companies are not just evading the mandatory

export duty of 30% but are also freely exporting iron ore pellets, including that with Fe content more than 64%. It is to be noted that as per Chapter 26 of Schedule 2 of the ITC (HS), 2018 in the FTP 2015-20, iron ore with Fe content above 64% can only be exported through MMTC Limited, which is a leading PSU of the Government of India and the largest international trading company of India.

In his legal opinion, dated 10.09.2020, the Deputy Legal Advisor, Department of Legal Affairs of the Government of India, after noting that the amendment made vide Notification No. 92(RE- 2013), dated 26.09.2014, was introduced at the request and recommendation of the Ministry of Steel and Ministry of Commerce & Industry, has categorically opined, inter alia, that: "*Sl No. 104 of Chapter 26 of Schedule 2 of ITC(HS)*

Classification of Export and Import Items was amended without disturbing the entry in Column IV of the above chart providing for "Item Description" and the same as it was prior to the said amendment dated 26.09.2014." He further opined that: "*there is no room for doubt that the word "free" substituted for the word "STE" is only in reference to the words "any entity authorized by Kudremukh Iron Ore Company Ltd. Bangalore" inserted by the amendment dated 26.09.2014. Therefore, export of iron ore pellets by any other company other than KIOCL or any entity authorized by Kudremukh Iron Ore Company Ltd. Bangalore is not in consonance with the notification."* The Deputy Legal Advisor, Department of Legal Affairs of the GOI further opined that: "*In view of the above clarification, the administrative Department may like to take appropriate action as per law applicable in this regard*."

Thereafter, the Ministry of Commerce & Industry came out with a "*Clarification on Iron Ore Export*s", dated 08.10.2020, stating therein, inter alia, that: "*The legal opinion from Deputy Legal Advisor, Department of Legal Affairs has not been endorsed by the senior officials of the Department and cannot be taken as the official legal view on this matter. The matter for final legal position is under consideration*." However, it is submitted that the said "*Clarification on Iron Ore Export*s", dated 08.10.2020, completely fails to clarify as to:

i) how can an entity, not authorized by KIOCL, export iron ore pellets under ITC HS Code: *26011210;*

ii) how can the iron ore pellets not manufactured by KIOCL be exported under the ITC HS Code: *26011210;*

iii) how can an entity, not authorized by KIOCL, export iron ore pellets by paying *nil* export duty and by evading the restriction related to Fe content.

It is submitted that if any entity other than KIOCL wishes to export iron ore pellets under the said Tariff item, it must show that the pellets have been manufactured by KIOCL and that the latter has authorized it to export them. If either of these conditions is not satisfied, Tariff item 2601 12 10 will not be applicable.

Pertinently, the draft ITC (HS) Export Policy, 2019 does, inter alia, two things: i) removes the phrase "*Iron ore pellets manufactured by Kudremukh Iron Ore Company Limited (KIOCL)"* from the Item Description of ITC HS Code: *26011210;* ii) removes the existing Policy

Condition corresponding to the ITC HS Code: *26011210* i.e. "*Export by KIOCL Limited, Bangalore or any entity authorised by KIOCL Limited, Bangalore [Notification. No. 92(RE2013) dated 26.09.2014].* Thus, the draft Export Policy envisages to allow any other entity apart from KIOCL or an entity authorised by KIOCL to export iron ore pellets under the ITC HS Code: *26011210*. The said draft export policy clearly implies that under the existing export policy, no other entity apart from KIOCL or an entity authorised by KIOCL is entitled to export iron ore pellets under the ITC HS

Code: *26011210* and therefore, any such export done by the mining companies are entirely illegal.

The 53rd Report, dated 17.02.2014, on Action Taken by the Government on the observations/recommendations contained in the 38th Report of the Standing Committee on Coal and Steel on "*Review of Export of Iron Ore Policy*" pertaining to the Ministry of Steel shows that the stated policy of the Government itself is to discourage iron ore export and improve its availability for domestic industry and for precisely the said purpose the Government levies a high export duty of 30% on iron ore. It is submitted that the said purpose gets defeated if, in violation of the export policy, iron ore is allowed to be exported in huge quantities in the form of pellets by unauthorized mining companies on payment of *nil* export duty and evading the restriction related to Fe content.

Hence, the instant writ petition.

LIST OF DATES

DATES	**EVENTS**
12.08.2009	India's Foreign Trade Policy 2009 - 2014 ["FTP 2009 – 2014"] was announced on 12.08.2009. As per the said FTP 2009 - 2014, all Exports were 'Free', except when regulated as per FTP and/or ITC (HS) i.e. India Trade Clarification based on Harmonized System of Coding, wherein Schedule 2 of ITC (HS) dealt with the Export Policy Regime. Further, any goods, export of which is

governed through the '*exclusive or special privileges'* granted to State Trading Enterprises (STE(s)), could be exported by STE(s) as per the conditions specified in ITC (HS).

Sl.No. 104 with Tariff Item HS Code *"26011210"* in Chapter 26 of Schedule 2 (Export Policy) of the ITC (HS), 2012 provided that the export of "*Iron ore pellets manufactured by Kudremukh Iron Ore Company Limited"* was allowed only through "*Kudremukh Iron Ore Company Limited, Bangalore"*

01.03.2011 The Central Government reduced the export duty on Iron Ore Pellets [Tariff Item HS Code: 2601 12 10] to 'nil' vide Notification dated 01.03.2011. Further, vide Notification dated 01.03.2011, the export duty on iron ore [Tariff Item HS Sub-Heading: 2601 11] was increased to 20%, which was further increased to 30% in coming years.

27.01.2014 Vide Notification, dated 27.01.2014, the Central Government increased the export duty on iron ore pellets to 5%.

26.09.2014 Vide Notification. No. 92(RE- 2013), dated 26.09.2014, in exercise of the powers conferred by Section 5 of the Foreign Trade (Development & Regulation) Act, 1992 read with Para 1.3 of the FTP 2009-14, the Central

	Government amended Sl. No. 104 [Tariff Item HS Code: *2601 12 10*] of Chapter 26 of Schedule 2 of the ITC (HS) to the effect that the Export Policy was changed from "STE" to "*Free*" and the Nature of Restriction was changed from "*Kudremukh Iron Ore Company Limited, Bangalore"* to "*Export by KIOCL Limited, Bangalore or any entity authorized by KIOCL Limited Bangalore*". It was specifically provided in Point No.3 that the Effect of the said Notification was that KIOCL Limited has been permitted to export its own manufactured iron ore pellets either by itself or through any entity authorized by it for the purpose.
01.04.2015	The Foreign Trade Policy 2015-2020 ("FTP 2015-20") came into existence on 01.04.2015. In the FTP 2015-20, no change was made in the export policy and nature of restrictions/policy conditions of iron ore pellets i.e. the entry at Sl. No. 104 [Tariff Item HS Code: 2601 12 10] remained the same as amended by the Notification. No. 92(RE- 2013), dated 26.09.2014.
04.01.2016	Vide Notification, dated 04.01.2016, the Central Government again reduced the export duty on iron ore pellets to 'nil'.
2020	Many of the mining companies have been illegally exporting iron ore pellets by falsely declaring them under

the ITC HS Code *26011210,* thereby, claiming full exemption of export duty, even though as per the export policy conditions only Kudremukh Iron Ore Company Limited (KIOCL) Limited, Bangalore or any entity authorised by KIOCL Limited, Bangalore is allowed to export Iron ore pellets manufactured by KIOCL.

As per existing law of the land [FTP 2009-14, Notification. No. 92(RE- 2013), dated 26.09.2014 and FTP 2015-20], mining companies which were/are not authorized by KIOCL could not / cannot export iron ore in pellet form and even if they intend to do so they could/can do it by exporting the iron ore pellets as normal iron ore only, under the Tariff Item HS Code *26011100* with item description "*All iron ore of Fe content upto 64%*" and paying full export duty of 30% on the said export.

Thus, taking undue advantage of the Notification. No. 92(RE- 2013), dated 26.09.2014, the mining companies have been illegally and freely exporting iron ore in pellets form without paying the export duty of 30% that is levied on export of iron ores.

10.09.2020 In his legal opinion, dated 10.09.2020, the Deputy Legal Advisor, Department of Legal Affairs of the Government of India, after noting that the amendment made vide Notification No. 92(RE- 2013), dated 26.09.2014, was introduced at the request and recommendation of the Ministry of Steel and Ministry of Commerce & Industry, has categorically opined, inter alia, that: "*Sl No. 104 of Chapter 26 of Schedule 2 of ITC(HS) Classification of Export and Import Items was amended without disturbing the entry in Column IV of the above chart providing for "Item Description" and the same as it was prior to the said amendment dated 26.09.2014*." He further opined that: "*there is no room for doubt that the word "free" substituted for the word "STE" is only in reference to the words "any entity authorized by Kudremukh Iron Ore Company Ltd. Bangalore" inserted by the amendment dated 26.09.2014. Therefore, export of iron ore pellets by any other company other than KIOCL or any entity authorized by Kudremukh Iron Ore Company Ltd. Bangalore is not in consonance with the notification."* The Deputy Legal Advisor, Department of Legal Affairs of the GOI further opined that: "*In view of the above clarification, the administrative Department may like to take appropriate action as per law applicable in this regard*."

08.10.2020 The Ministry of Commerce & Industry came out with a "*Clarification on Iron Ore Export*s", dated 08.10.2020, stating therein, inter alia, that: "*The legal opinion from Deputy Legal Advisor, Department of Legal Affairs has not been endorsed by the senior officials of the Department and cannot be taken as the official legal view on this matter. The matter for final legal position is under consideration*." However, it is submitted that the said "*Clarification on Iron Ore Export*s", dated 08.10.2020, completely fails to clarify as to:

i) how can an entity, not authorized by KIOCL, export iron ore pellets under ITC HS Code: *26011210;*

ii) how can the iron ore pellets not manufactured by KIOCL be exported under the ITC HS Code: *26011210;*

iii) how can an entity, not authorized by KIOCL, export iron ore pellets by paying *nil* export duty and by evading the restriction related to Fe content.

15.04.2021 The Petitioner filed the instant petition.

IN THE SUPREME COURT OF INDIA
(CIVIL ORIGINAL JURISDICTION)
WRIT PETITION (CIVIL) NO. _____ OF 2021

IN THE MATTER OF:
COMMON CAUSE
(A REGISTERED SOCIETY)
THROUGH ITS DIRECTOR
MR. VIPUL MUDGAL
5, INSTITUTIONAL AREA,
NELSON MANDELA ROAD,
VASANT KUNJ, NEW DELHI – 110070
E-MAIL : commoncauseindia@gmail.com
PHONE: 9818399055 …PETITIONER

V/S

UNION OF INDIA
THROUGH DIRECTOR GENERAL
OF FOREIGN TRADE DIRECTORATE
GENERAL OF FOREIGN TRADE,
MINISTRY OF COMMERCE & INDUSTRY,
UDYOG BHAWAN, NEW DELHI - 110 011
E-MAIL : dgftedi@nic.in

UNION OF INDIA
THROUGH SECRETARY
DEPARTMENT OF REVENUE,
MINISTRY OF FINANCE,
NORTH BLOCK, NEW DELHI - 110 001
E-MAIL: rsecy@nic.in

PELLET MANUFACTURERS' ASSOCIATION OF INDIA
THROUGH ITS SECRETARY GENERAL
170, SATYA NIKETAN,
NEW DELHI - 110 021
E-MAIL: pmaioffice@gmail.com …RESPONDENTS

A WRIT PETITION IN PUBLIC INTEREST UNDER ARTICLE 32 OF THE CONSTITUTION OF INDIA SEEKING AN APPROPRIATE WRIT, ORDER OR DIRCETION TO THE UNION OF INDIA TO COMPLETELY BAN IRON ORE EXPORT (WHETHER IN THE FORM OF PELLETS OR OTHWERWISE) OR IN THE ALTERNATIVE LEVY AN EXPORT DUTY OF 30% ON EXPORT OF IRON ORE IN ALL FORMS INCLUDING PELLETS (EXCEPT PELLETS MANUFACTURED AND EXPORTED BY KIOCL) AND A FURTHER DIRECTION TO THE UNION OF INDIA TO INITIATE PROCEEDINGS UNDER SECTION 11 OF THE FOREIGN TRADE (DEVELOPMENT & REGULATION ACT), 1992 AND SECTION 135(1) OF THE CUSTOMS ACT, 1962 AGAINST THOSE MINING COMPANIES WHICH HAVE BEEN EXPORTING IRON ORE PELLETS IN CONTRAVENTION OF THE PROVISIONS OF INDIA'S EXPORT POLICY

To,
THE HON'BLE CHIEF JUSTICE OF INDIA AND HIS HON'BLE COMPANION JUSTICES OF THE HON'BLE SUPREME COURT OF INDIA

The Humble Petition
of the Petitioner above-named

MOST RESPECTFULLY SHOWETH: -

1. That the Petitioner is filing the instant writ petition in public interest under Article 32 of the Constitution of India seeking an appropriate writ, order or direction to the Union of India to completely ban export of iron ore (whether in the form of pellets or otherwise) or in the alternative to levy an export duty of 30% on export of iron ore in all forms including pellets (except pellets manufactured and exported by KIOCL); and also an appropriate writ, order or direction to the Union of India to initiate proceedings under Section 11 of the Foreign Trade (Development & Regulation) Act, 1992and Section 135(1) of the Customs Act, 1962 against the mining companies which have been exporting iron ore pellets in contravention of the provisions of India's export policy, thereby, evading the export duty chargeable on export of iron ore pellets, and also direct a thorough and independent investigation into the role of public officials in allowing the same.

1A. That the Petitioner, Common Cause, is a registered society (No. S/11017) that was founded in 1980 by late Shri H. D. Shourie for the express purpose of ventilating the common problems of the people and securing their resolution. It has brought before this Hon'ble Court various Constitutional and other important issues and has established its reputation as a *bona fide* public interest organization fighting for an accountable, transparent and corruption-free system. Mr. Vipul Mudgal, Director of Common Cause, is authorized to file this PIL. The requisite Certificate & Authority Letter are filed along with the Vakalatnama. The average annual income of the Petitioner Society for the last three financial years is approximately Rs. 1.86 crores only. PAN number of the Petitioner society is AAATC0310K. The Society does not have a UID number.

1B. That the Respondent No.1 herein- Directorate General of Foreign Trade ("DGFT") - is an attached office of the Ministry of Commerce and Industry and is responsible for implementing the Foreign Trade Policy of India. The DGFT also issues licenses to exporters and monitors their corresponding obligations. The Respondent No.2 herein- Department of Revenue- exercises control in respect of matters relating to all the Direct and Indirect Union taxes (including export duty) through two statutory Boards, namely, the Central Board of Direct Taxes and the Central Board of Indirect Taxes and Customs. The Respondent No.3 herein- Pellet

Manufacturers' Association of India ("PMAI") - is the official industry body of Pellets Manufacturers in India.

1C. The Petitioner has not made any representations to the Respondents in this regard because of the urgency of the matter in issue and also because similar writ petition is pending before this Hon'ble Court.

The Petitioner has no personal interest, or any private or oblique motive, in filing the instant petition. There is no civil, criminal, revenue or any other litigation involving the Petitioner, which has or could have a legal nexus with the issues involved in this PIL.

THE CASE IN BRIEF:

2. That the instant case raises grave issues of public interest in view of its serious impact on the public exchequer and on the domestic steel industry, thereby, prejudicially affecting the country's economy, as well as its adverse affect on the environment.

3. That the instant case deals with the mining companies illegally exporting huge quantities of iron ore in pellet form by avoiding the mandatory 30% export duty that is levied on iron ore exports, thereby, causing huge loss to the public exchequer worth thousands of crores of rupees as well as resulting in shortage of iron ore supply to the domestic steel industry. It is pertinent to mention herein that as a result of the said illegal export of iron ore pellets (raw materials) by the mining companies, more and more mining activities will have to be taken up in order to meet the rising demand of iron ore by domestic steel industry, which will cause adverse affect on the environment. The Petitioner herein- Common Cause has been successfully taking up multiple cases of rampant and illegal mining before this Hon'ble Court, including those related to iron ore mining in the state of Odisha resulting in the landmark judgment viz. *Common Cause v. Union of India, (2017) 9 SCC 499*.

4. That Paras 1.3, 2.1, 2.11 and 2.29 of the Foreign Trade Policy 2009-2014 ("FTP 2009-14") provided as follows:

> *"1.3 Amendment*
>
> *Central Government reserves right in **public interest** to make any **amendments** by notification to this Policy in exercise of powers conferred by Section 5 of FT(D&R) Act."*
>
> "*2.1 Exports and Imports – 'Free', unless regulated*
>
> *(a) <u>Exports and Imports shall be 'Free', except when regulated. **Such regulation would be as per FTP and/or ITC (HS)**</u>.*
>
> *(b) <u>**ITC (HS) contains the item wise export and import policy regimes**</u>. The ITC (HS) is aligned with international Harmonized System goods nomenclature maintained by World Customs Organization (http://www.wcoomd.org).*
>
> *(b) Schedule 1 of ITC (HS) gives the Import Policy Regime and <u>**Schedule 2 of ITC (HS) gives the Export Policy Regime**</u>.*
>
> *(d) Except where it is clearly specified in Schedule 1 of ITC (HS), Import Policy is for new goods and not for Second Hand goods. For Second Hand goods, the Import Policy Regime is given in Para 2.17 on this FTP."*
>
> *"2.11 State Trading*
>
> ***Any goods, import or export of which is governed through <u>exclusive or special privileges</u> granted to State Trading Enterprises (STE(s)), may be imported or exported by STE(s) as per conditions specified in ITC (HS)**. <u>DGFT may, however,</u>*

<u>grant an Authorisation to any other person to import or export any of these goods.</u> Such STE(s) shall make any such purchases or sales involving imports or exports solely in accordance with commercial considerations, including price, quality, availability, marketability, transportation and other conditions of purchase or sale in a non discriminatory manner and shall afford enterprises of other countries adequate opportunity, in accordance with customary business practices, to compete for participation in such purchases or sales."
"2.29 Free Exports

*<u>All goods may be exported without any restriction **except to the extent** that such exports are regulated by ITC (HS) or any other provision of FTP or any other law for the time being in force</u>. DGFT may, however, specify through a public notice such terms and conditions according to which any goods, not included in ITC (HS), may be exported without an Authorisation."*

Copy of relevant pages of the Foreign Trade Policy 2009-2014 ("FTP 2009-14") is annexed hereto and marked as **ANNEXURE P-1 (Pages 69 TO 77)**.

5. That Sl.No. 104 with Tariff Item HS Code *"26011210"* in Chapter 26 of Schedule 2 (Export Policy) of the ITC (HS), 2012 provided that the export of "*Iron ore pellets manufactured by Kudremukh Iron Ore Company Limited"* was allowed only through "*Kudremukh Iron Ore Company Limited, Bangalore".* Copy of the relevant page of the Chapter 26 of Schedule 2 (Export Policy) of the ITC (HS), 2012 is annexed hereto and marked as **ANNEXURE P-2 (Page 78)**.

6. That Section 5 of the Foreign Trade (Development & Regulation) Act, 1992 [hereinafter referred to as the "*FT(D&R) Act, 1992"*] provides as follows:

> *"5. Foreign Trade Policy.—The Central Government may, from time to time, formulate and announce, by notification in the Official Gazette, the foreign trade policy and may also, in like manner, amend that policy:*
>
> *Provided that the Central Government may direct that, in respect of the Special Economic Zones, the foreign trade policy shall apply to the goods, services and technology with such exceptions, modifications and adaptations, as may be specified by it by notification in the Official Gazette."*

7. That vide Notification. No. 92(RE- 2013), dated 26.09.2014, in exercise of the powers conferred by Section 5 of the FT(D&R) Act, 1992 read with Para 1.3 of the FTP 2009-14, the Central Government amended Sl. No. 104 [Tariff Item HS Code: *2601 12 10*] of Chapter 26 of Schedule 2 of the ITC (HS) to the effect that the Export Policy was changed from "STE" to "*Free*" and the Nature of Restriction was changed from "*Kudremukh Iron Ore Company Limited, Bangalore"* to "*Export by KIOCL Limited, Bangalore or any entity authorized by KIOCL Limited Bangalore*". It was specifically provided in Point No.3 that the Effect of the said Notification was that KIOCL Limited has been permitted to export its own manufactured iron ore pellets either by itself or through any entity authorized by it for the purpose. The Pre-amended and amended Entry are provided herein-below:

Pre-amended entry:

S. No.	**Tariff Item HS Code**	**Unit**	**Item Description**	**Export Policy**	**Nature of Restrictions**
104	2601 12 10	Kg	Iron ore pellets manufactured	STE	Kudremukh Iron Ore Company

			by Kudremukh Iron Ore Company Limited		Limited, Bangalore

Amended entry:

S. No.	**Tariff Item HS Code**	**Unit**	**Item Description**	**Export Policy**	**Nature of Restrictions**
104	2601 12 10	Kg	Iron ore pellets manufactured by KIOCL Limited	Free	Export by KIOCL Limited, Bangalore or any entity authorized by KIOCL Limited Bangalore

Copy of the Notification. No. 92(RE- 2013), dated 26.09.2014, issued by the Central Government is annexed hereto and marked as **ANNEXURE P-3 (Page 79).**

8. That thereafter the Foreign Trade Policy 2015-2020 ("FTP 2015-20") came into existence on 01.04.2015. Paras 2.01, 2.02, 2.20 and 2.39 of the FTP 2015-20 provides as follows:

> *"2.01 Exports and Imports –'Free' , unless regulated*
> *(a)* ***Exports*** *and Imports* ***shall be 'Free' except when regulated by way of'*** *prohibition' , 'restriction' or* ***'exclusive trading through State Trading Enterprises (STEs)' as laid down in Indian Trade Classification (Harmonized System) [ITC (HS)] of Exports and Imports****. The list of ' Prohibited' , 'Restricted' , and STE items can be viewed by clicking on ' Downloads' at http://dgft.gov.in*
> *(b) Further, there are some items which are 'free' for import/export, but subject to conditions stipulated in other Acts or in law for the time being in force.*

"2.02 Indian Trade Classification (Harmonised System) [ITC (HS)] of Exports and Imports."

(a) ITC (HS) is a compilation of codes for all merchandise / goods for export/ import. Goods are classified based on their group or sub-group at 2/4/6/8 digits.

(b) ITC (HS) is aligned at 6 digit level with international Harmonized System goods nomenclature maintained by World Customs Organization (http://www.wcoomd.org). However, India maintains national Harmonized System of goods at 8 digit level which may be viewed by clicking on 'Downloads' at http://dgft.gov.in

(c) ***The import/export policies for all goods are indicated against each item in ITC (HS).*** *Schedule 1 of ITC (HS) lays down the Import Policy regime while* ***Schedule 2 of ITC (HS) details the Export Policy regime****.*

(d) Except where it is clearly specified, Schedule 1 of ITC (HS), Import Policy is for new goods and not for the Second Hand goods. For Second Hand goods, the Import Policy regime is given in Para 2.31 in this FTP."

"Import / Export through State Trading Enterprises:
2.20 State Trading Enterprises (STEs)

(a) State Trading Enterprises (STEs) are governmental and nongovernmental enterprises, including marketing boards, which deal with goods for export and /or import. ***Any good, import or export of which is governed through exclusive or special privilege granted to State Trading Enterprise (STE), may be*** *imported or* ***exported by the concerned STE as per conditions specified in ITC (HS)****. The list of STEs notified by DGFT is in Appendix-2J.*

(c) *Such STE(s) shall make any such purchases or sales involving imports or exports solely in accordance with commercial considerations, including price, quality, availability, marketability, transportation and other conditions of purchase or sale in a non discriminatory manner and shall afford enterprises of other countries adequate opportunity, in accordance with customary business practices, to compete for participation in such purchases or sales.*

(d) ***DGFT may, however, grant an authorisation to any other person to import or export any of the goods notified for exclusive trading through STEs.***"

"2.39 Free Exports
All goods may be exported without any restriction ***except to the extent that such exports are regulated by ITC (HS) or any other provision of FTP*** *or any other law for the time being in force. DGFT may, however, specify through a public notice such terms and conditions according to which any goods, not included in ITC (HS), may be exported without an Authorisation."*

Copy of the relevant pages of the Foreign Trade Policy 2015-2020 is annexed hereto and marked as **ANNEXURE P-4 (Pages 80 to 85).**

9. The Explanatory Note on how to read the Export Policy in the FTP 2015-20 provides, inter alia, that:

"Tariff Item (HS) Code:
This is an eight digit code followed in the Schedule 1 - Import Policy, Customs and the DGCIS code. The first two digits give the Chapter, next two digit give the heading and the subsequent two digit for Sub-heading. The last two digits developed in India under the common classification system for the Item.
The first six digit code and product description corresponds exactly with the six digit WCO (World Customs Organisation) website.

The ITC(HS) code numbers in Schedule 2 (Export Policy) are illustrative of classification but does not limit the description by virtue of the standard description of the item against the code in the Import Schedule of the ITC(HS) Classification."

"Item Description:
The item description against each code gives the specific description of goods, which are subject to export control. This description does not generally correspond with the standard description against the code. In most cases, the description will cover only a part of standard description."

"Prohibited:
Not permitted to be exported. Export Licence will not be given in the normal course."

"Restricted:
Export is permitted under a licence granted by the DGFT."

"STE:
Export allowed only through specified State Trading Enterprises (STEs) subject to specific conditions laid out in Para 2.20 of the FTP 2015-20.

STE : State Trading Enterprises (STEs), for the purpose of this FTP, are those entities which are granted exclusive right/privileges export and /or import as per Para 2.20 (a) of FTP."

"Free:
***Export is permitted without a licence from DGFT. However, certain procedural conditions can be notified by DGFT time to time through Public Notice. The free exportability is, however, subject to any other law for the time being in force**."*
"Policy Conditions:

*This column specifies the **special conditions, which must be metfor the export of goods in the item description column.** The column may also give the nature of restriction under the broad category in the Export Policy column. The intention of incorporating this column is solely and exclusively to make the Export Schedule*

> *self contained and user friendly. However, this does not imply that there may be no other conditions applicable on export."*

A copy of theExplanatory Note on how to read the Export Policy in the FTP 2015-20 is annexed hereto and marked as **ANNEXURE P-5 (Pages 86 to 88).**

10. Further, the General Notes to Export Policy of in the FTP 2015-20 provides, inter alia, as follows:

> *"A. Free Goods:*
> *Goods listed as "Free" in the Export Licensing Schedule may also be exported without an export licence as such* ***but they are subject to conditions laid out against the respective entry****. The fulfillment of these conditions can be checked by authorized officers in the course of export."*

A copy of the General Notes to Export Policy of in the FTP 2015-20 is annexed hereto and marked as **ANNEXURE P-6 (Pages 89 to 94).**

11. That in the FTP 2015-20, no change was made in the export policy and nature of restrictions/policy conditions of iron ore pellets i.e. the entry at Sl. No. 104 [Tariff Item HS Code: 2601 12 10] remained the same as amended by the Notification. No. 92(RE- 2013), dated 26.09.2014, referred to herein-above. The export policy and policy conditions for items from Sl. No. 99 to 104 [Tariff Item HS Code: 2601 11 00, 2601 11 50, 2601 12 10] under Chapter 26 of Schedule 2 of the ITC (HS), 2018 in the FTP 2015-20 are provided herein-below:

S. No.	Tariff Item HS Code	Unit	Item Description	Export Policy	Policy Conditions
99	2601 11 00	Kg	Iron ore other than those Specified under Free category	STE	Export through MMTC Limited
100	2601 11 00	Kg	Iron ore of Goa origin when exported to China, Europe, Japan, South Korea and Taiwan, irrespective of the Fe content;	Free	
101	2601 11 00	Kg	Iron ore of Redi origin to all markets, irrespective of the Fe content;	Free	
102	2601 11 00	Kg	All iron ore of Fe content upto 64%	Free	
103	2601 11 50	Kg	Iron ore concentrate prepared by benefication and /or concentration of low grade ore containing 40 percent or less of iron produced by Kudremukh Iron Ore Company Limited	STE	Kudremukh Iron Ore Company Limited, Bangalore

104	2601 12 10	Kg	Iron ore pellets manufactured by KIOCL Limited	Free	Export by KIOCL Limited, Bangalore or any entity authorized by KIOCL Limited Bangalore [Notification. No. 92(RE-2013) dated 26.09.2014]

Copy of the relevant pages of Chapter 26 of Schedule 2 of the ITC (HS), 2018 in the FTP 2015-20 is annexed hereto and marked as **ANNEXURE P-7 (Pages 95 to 97).**

12. That the Central Government reduced the export duty on Iron Ore Pellets [Tariff Item HS Code: 2601 12 10] to 'nil' vide Notification dated 01.03.2011. Vide Notification, dated 27.01.2014, the Central Government increased the export duty on iron ore pellets to 5%. Then vide Notification, dated 04.01.2016, the Central Government again reduced the export duty on iron ore pellets to 'nil'. Further, vide Notification dated 01.03.2011, the export duty on iron ore [Tariff Item HS Sub-Heading: 2601 11] was increased to 20%, which was further increased to 30% in coming years. It is pertinent to mention herein that the total exemption from export duty is only for the export of iron ore pellets under ITC HS Code: 26011210 and as noted herein-above, according to the export policy, ITC HS Code: 26011210 is **"*only*"** for export of KIOCL manufactured iron ore pellets either by KIOCL (a Public Sector Company under the Ministry of Steel) or through any other entity authorized by KIOCL. A copy of the GOI's Notification, dated 01.03.2011, is annexed hereto and marked as **ANNEXURE P-8 (Pages 98 to 101).** A copy of the GOI's Notification, dated 27.01.2014, is annexed hereto and marked as **ANNEXURE P-9 (Pages 102).** A copy of the GOI's Notification, dated 04.01.2016, is annexed hereto and marked as **ANNEXURE P-10 (Page 103).** A copy of the Export Tariff (as on 02.02.2021) as downloaded from the official website of Central Board of Indirect Taxes and Customs viz. *https://www.cbic.gov.in/htdocs-cbec/customs/cst2021-020221/cst-idx* is annexed hereto and marked as **ANNEXURE P-11 (Pages 104 to 115).**

13. It has come to light that many mining companieshave been illegally exporting iron ore pellets by falsely declaring them under the ITC HS Code *26011210,* thereby, claiming full exemption of export duty, even though as per the export policy conditions only Kudremukh Iron Ore Company Limited (KIOCL) Limited, Bangalore or any entity authorised by KIOCL Limited, Bangalore is allowed to export Iron ore pellets manufactured by KIOCL. A copy of the list of mining companies (as published by the Federation of Indian Export Organisations, set up by Union Ministry of Commerce) which are illegally exporting iron ore pellets under ITC HS Code *26011210* is annexed hereto and marked as **ANNEXURE P-12 (Pages 116 to 117).**

14. Pertinently, none of the erring mining companies have been granted any authorisation by the DGFT under Para 2.20(c) of the FTP- 2015-20 to export iron ore pellets which, according to the policy condition stipulated in this regard, can be exported only though KIOCL or through any entity authorized by it for the purpose.

15. It is submitted that taking undue advantage of the Notification. No. 92(RE- 2013), dated 26.09.2014, many mining companies have been illegally and freely exporting iron ore in pellets form without paying the export duty of 30% that is levied on export of iron ores. It is pertinent to mention herein that as per Chapter 26 of Schedule 2 of the ITC (HS), 2018 in the FTP 2015-20 (referred to herein-above) read with the Export Tariff 2018-19, "*all iron ore of Fe content upto 64%*" is freely exportable by paying the export duty of 30%. However, by illegally exporting iron ore pellets under ITC HS Code: *26011210,* the mining companies are not just evading the mandatory export duty of 30% but are also freely exporting iron ore pellets, including that with Fe content more than 64%. It is to be noted that as per Chapter 26 of Schedule 2 of the ITC (HS), 2018 in the FTP 2015-20, iron ore with Fe content above 64% can only be exported through MMTC Limited, which is a leading PSU of the Government of India and the largest international trading company of India.

16. In other words, by illegally exporting iron ore in the form of pellets, the mining companies have been able to evade the mandatory export duty 30% which is otherwise levied on export of iron ore and have also been able to evade the restriction related to Fe content.

17. That in his legal opinion, dated 10.09.2020, the Deputy Legal Advisor, Department of Legal Affairs of the Government of India, after noting that the amendment made vide Notification No. 92(RE- 2013), dated 26.09.2014, was introduced at the request and recommendation of the Ministry of Steel and Ministry of Commerce &Industry, has categorically opined, inter alia, that: "*Sl No. 104 of Chapter 26 of Schedule 2 of*

ITC(HS) Classification of Export and Import Items was amended without disturbing the entry in Column IV of the above chart providing for "Item Description" and the same as it was prior to the said amendment dated 26.09.2014." He further opined that: "*there is no room for doubt that the word "free" substituted for the word "STE" is only in reference to the words "any entity authorized by Kudremukh Iron Ore Company Ltd. Bangalore" inserted by the amendment dated 26.09.2014. Therefore, export of iron ore pellets by any other company other than KIOCL or any entity authorized by Kudremukh Iron Ore Company Ltd. Bangalore is not in consonance with the notification."* The Deputy Legal Advisor, Department of Legal Affairs of the GOI further opined that: "*In view of the above clarification, the administrative Department may like to take appropriate action as per law applicable in this regard*." A copy of the legal opinion, dated 10.09.2020, given by the Deputy Legal Advisor, Department of Legal Affairs of the Government of India is annexed hereto and marked as **ANNEXURE P-13 (Pages 118 to 119).** A copy of the news report, dated 09.10.2020, published by The Free Press Journal, titled "*Rs 40,000-cr scam of iron ore export from Karnataka unearthed"* is annexed hereto and marked as **ANNEXURE P-14 (Pages 120 to 121).**

18. That thereafter, the Ministry of Commerce & Industry came out with a "*Clarification on Iron Ore Export*s", dated 08.10.2020, stating therein, inter alia, that: "*The legal opinion from Deputy Legal Advisor, Department of Legal Affairs has not been endorsed by the senior officials of the Department and cannot be taken as the official legal view on this matter. The matter for final legal position is under consideration*." However, it is submitted that the said "*Clarification on Iron Ore Export*s", dated 08.10.2020, completely fails to clarify as to:

iv) how can an entity, not authorized by KIOCL, export iron ore pellets under ITC HS Code: *26011210;*

v) how can the iron ore pellets not manufactured by KIOCL be exported under the ITC HS Code: *26011210;*

vi) how can an entity, not authorized by KIOCL, export iron ore pellets by paying *nil* export duty and by evading the restriction related to Fe content.

A copy of the "*Clarification on Iron Ore Export*s", dated 08.10.2020, published on PIB by the Ministry of Commerce & Industry is annexed hereto and marked as **ANNEXURE P-15 (Pages 122 to 123).**

19. That if any entity other than KIOCL wishes to export iron ore pellets under the said Tariff item, it must show that the pellets have been manufactured by KIOCL and that the latter has authorized it to export them. If either of these conditions is not satisfied, Tariff item 2601 12 10 will not be applicable.

20. Interestingly, the Business Standard reported in its news report, dated 07.08.2019, that the Union Steel Ministry will study the possibility of export of high grade iron ore lumps or fines either in the garb of low grade ore or as iron ore pellets, which enjoy export duty waiver regardless of the ore content. The Business Standard reported, inter alia, as follows:

> "*The steel ministry has set in motion a study on whether higher grade iron ore is being exported by passing off as lower grade material or pellets. Inferior grade ore with iron content up to 58*

> *per cent and pellets are currently exempted from export tax while richer grade ore attracts 30 per cent duty.*
>
> *The ministry has decided that consultancy firm Mecon will commission a study on the possibility of export of high grade iron ore lumps or fines (iron or Fe content above 58 per cent) either in the garb of low grade ore or as iron ore pellets, which enjoy export duty waiver regardless of the ore content*."

A copy of the news report, dated 07.08.2019, titled '*Steel ministry mulls options for duty free export of higher grade iron ore',* published by the Business Standard is annexed hereto and marked as **ANNEXURE P-16 (Page 124).**

21. That pertinently, the draft ITC (HS) Export Policy, 2019 does, inter alia, two things: i) removes the phrase "*Iron ore pellets manufactured by Kudremukh Iron Ore Company Limited (KIOCL)"* from the Item Description of ITC HS Code: *26011210;* ii) removes the existing Policy Condition corresponding to the ITC HS Code: *26011210* i.e. "*Export by KIOCL Limited, Bangalore or any entity authorised by KIOCL Limited, Bangalore [Notification. No. 92(RE2013) dated 26.09.2014].* Thus, the draft Export Policy envisages to allow any other entity apart from KIOCL or an entity authorised by KIOCL to export iron ore pellets under the ITC HS Code: *26011210*. The said draft export policy clearly implies that under the existing export policy, no other entity apart from KIOCL or an entity authorised by KIOCL is entitled to export iron ore pellets under the ITC HS Code: *26011210* and therefore, any such export done by the mining companies are entirely illegal*.* A copy of the relevant pages of the draft ITC (HS) Export Policy, 2019 is annexed hereto and marked as **ANNEXURE P-17 (Pages 125 to 129).**

22. That iron ores are vital raw materials for iron and steel industry and because of the rising export of iron ore in form of pellets (which are high quality raw materials), thereby, getting over the restriction regarding Fe content, the domestic steel industry is made to suffer. It is pertinent to mention herein that in its 53rd Report, dated 17.02.2014, on Action Taken by the Government on the observations/recommendations contained in the 38th Report of the Standing Committee on Coal and Steel on "*Review of Export of Iron Ore Policy*" pertaining to the Ministry of Steel, the Standing Committee on Coal and Steel observed its recommendation regarding the importance and lack availability of iron ore for the domestic steel industry, the reply of the Ministry of Steel on its recommendation to ban export of iron ore and gave its observation in that regard, as follows:

> *"Recommendation Serial No. 10*
> *19. <u>The Committee note that iron ore, a non-renewable and critical raw material for steel industry is poised for huge capacity expansion and according to the Ministry of Steel, policy measures are needed to conserve this resource for long term requirement of domestic steel industry</u>.* ***The Committee are however, concerned to note that as per the present foreign trade policy regarding export of iron ore, iron ore upto 64% Fe content is freely allowed****. Further, export of iron ore of Goa origin is freely allowed to China, Europe, Japan, South Korea and Taiwan (irrespective of Fe content) and export of iron ore from Redi region to all markets (irrespective of Fe content) is also freely allowed. <u>As regards export of iron ore with Fe content above 64%, the Committee find that these exports were canalized through MMTC</u> and high grade iron ore not exceeding 1.8 million tonnes(lumps) and 2.7 million tonnes (fines) from Bailadila, Chhattisgarh is allowed to be exported.* ***<u>In view of the free trade of iron ore upto 64% Fe content and even</u>***

export of higher grade of iron ore, the Committee recommend that the Government should take immediate necessary policy measures not only to ban the export of iron ore reserves of higher grade but also those upto 64% Fe content which are presently freely allowed. *In view of the limited beneficiation agglomeration facilities in the country, the Committee feel that the high grade iron ore with Fe content more than 64% from Bailadila, Chhattisgarh which can be used by the existing steel plants should not be permitted for export and be made available to meet the requirement of domestic steel industry.*

20. The Ministry of Steel in their action taken reply have furnished as follows:-

> *Export of high grade ore is permitted only for export by MMTC / NMDC to Japan and South Korea under Long Term Agreements (LTAs) which have been in existence since 1970. Presently, the LTAs have been renewed for the period from 01-04-2012 to 31-03-2015 with the approval of the Cabinet in view of our long-term strategic relationship with these countries.*
>
> ***Total ban over export of iron ore is not considered to be the only way to discourage export of iron ore and to improve availability of iron ore for domestic consumers. Government has been, on the recommendations of Ministry of Steel, increasing export duty on iron ore and at present it is at 30%.***

8. The Committee do not concur with the view of the Ministry of Steel for not totally banning the export of iron ore. Though, the Ministry of Steel in the action taken reply have submitted that custom duty on export of iron ore has been increased to 30% to discourage export of iron and encourage domestic value addition, the Committee are dismayed to note the reply of the Ministry of Commerce that only the surplus, if any, is being exported. The Committee are of the firm view that the endeavour of the Ministry should be for utilizing the surplus iron ore, if any, for future instead of exporting it. The Committee, therefore, desire that the Ministry of Steel should take adequate steps to get the additional capacity installed for finished steel in the next 3 years so that surplus iron ore

available is consumed by the domestic industries. The Government cannot ignore future demand of domestic industries." [emphasis supplied]

A copy of the Standing Committee on Coal and Steel's 53rd Report, dated 17.02.2014, on Action Taken by the Government is annexed hereto and marked as **ANNEXURE P-18 (Pages 130 to 177).**

23. Thus, the stated policy of the Government itself is to discourage iron ore export and improve its availability for domestic industry and for precisely the said purpose the Government levies a high export duty of 30% on iron ore. It is submitted that the said purpose gets defeated if, in violation of the export policy, iron ore is allowed to be exported in huge quantities in the form of pellets by unauthorized mining companies on payment of *nil* export duty and evading the restriction related to Fe content.

24. That the Federation of Mineral Industries (FIMI) also raised its concern about illegal iron ore exports. The Hindu BusinessLine, in its news report, dated, 02.09.2020, titled '*FIMI alleges major irregularities in export of iron ore pellets',* reported as follows:

> *"On the contrary, the same players have been illegally exporting pellets (usually containing more than 64 per cent iron), which is only a substitute for high grade iron-ore lumps and is a precious input needed by the domestic steel and sponge-iron plants," this letter to Steel Minister Dharmendra Pradhan alleged.*
>
> *According to FIMI, as per DGFT's ITC (HS), 2018 Export Policy, only the iron ore pellets manufactured by Kudremukh Iron Ore Company Limited (KIOCL) are allowed to be exported.*

> *"All other pellet producers are therefore exporting pellets in total violation of the Government's policy. Not only are they exporting pellets illegally, they are also claiming 1 per cent duty drawback from the Government. According to our estimate, during 2013-2020, there has been illegal export of pellets to the extent of ₹ 25,145.36 crore (this has ₹24,896.40 crore as value of exports and ₹248.96 crore as duty drawback) by companies other than KIOCL," the FIMI letter said.*
>
> *"The hypocrisy of the pellet exporters can be observed from the fact that they are advocating scarcity of raw materials (iron-ore) on one hand and illegally exporting pellets, which is a much more precious commodity containing iron ore (with 64 per cent or more iron). These integrated steel producers have been creating an unwarranted scare that raw material is being exported," FIMI alleged."*

A copy of the news report, dated, 02.09.2020, titled '*FIMI alleges major irregularities in export of iron ore pellets',* published by The Hindu BusinessLine is annexed hereto and marked as **ANNEXURE A-19 (Page 178).**

25. That the illegal iron ore exports by the mining companies is heavily impacting the domestic steel sector and the economy. The Financial Express, in its news report, dated 24.11.2020, titled '*FIMI urges Centre to immediately put complete ban on illegal export of iron ore pellets*', reported as follows:

> *"Miners' body FIMI has urged the Centre to immediately put a complete ban on illegal exports of iron ore pellets stating that*

> *such a move would help meet the domestic requirement of the key material used in making steel.*
>
> *…*
>
> *"Moreover, 62-64 per cent Fe (iron) is required for manufacturing of pellets. Had this illegal exports of pellets by private entities not been allowed, domestic steel industry would have met their requirement to that extent," FIMI said."*

A copy of the news report, dated 24.11.2020, titled '*FIMI urges Centre to immediately put complete ban on illegal export of iron ore pellets*' published by The Financial Express is annexed hereto and marked as **ANNEXURE P-20 (Page 179).**

26. It is submitted that such illegal export of iron ore pellets have the ultimate affect of over-exploitation of natural resources, thus, adversely affecting the environment. Therefore, by allowing such illegal export of iron ore pellets to go unchecked, the Government is infringing people's right to clean environment as well as precautionary principle which have been interpreted by this Hon'ble Court to be part and parcel of Article 21 of the Constitution of India. Vide order, dated 29.07.2011, reported in *Govt. of A.P. v. Obulapuram Mining Co. (P) Ltd., (2011) 12 SCC 491,* a three-judge bench of this Hon'ble Court was pleased to suspend the mining operation and transportation in Bellary district of Karnataka on account of the over-exploitation and considerable damage that it had caused to the environment and by keeping in mind the precautionary principle, which is the essence of Article 21 of the Constitution. The said order, dated 29.07.2011, is quoted herein-below:

1. *In continuation of our earlier orders dated 29-4-2011 [Govt. of A.P. v. Obulapuram Mining Co. (P) Ltd., (2011) 12 SCC 495] and 6-5-2011 [Govt. of A.P. v. Obulapuram Mining Co. (P) Ltd., (2011) 12 SCC 493] ,<u>we are of the view that mining operations and transportation in an area admeasuring approximately 10,868 ha in Bellary District be immediately suspended till further orders</u>.*

2.<u>We are satisfied that, on account of overexploitation, considerable damage has been done to the environment. We are taking a holistic view of the matter. We have suspended these operations keeping in mind the precautionary principle, which is the essence of Article 21 of the Constitution. (See M.C. Mehta v. Union of India [(2009) 6 SCC 142].)</u>

3. *The matter shall stand over for one week.*

4. *In the meantime, we direct the Ministry of Environment and Forests ("MoEF", for short) to submit an interim report indicating what is the requirement of steel industry in India as far as iron ore is concerned. Secondly, out of the total requirement of the steel industry in the country, how much is met by the Bellary mines. Lastly, how much of the quantity of iron ore is domestically required and internationally exported. MoEF will obtain this requisite information from the Ministries of Mines, Steel and Commerce.*

5. *The Secretary, MoEF, will immediately convene a meeting of the Secretaries of the Ministries concerned and furnish a report within a week. We further direct CEC to submit a report on environment impact assessment on account of mining in Tumkur and Chitradurga Districts within a period of three weeks.*

> ***6.*** *The affidavits filed by the parties are taken on record."* [emphasis supplied]

A copy of this Hon'ble Court's order, dated 29.07.2011, reported in *Govt. of A.P. v. Obulapuram Mining Co. (P) Ltd., (2011) 12 SCC 491,* is annexed hereto and marked as **ANNEXURE P-21 (Pages182 to 182).**

27. That thereafter, vide order, dated 05.08.2011, reported in *Government of A.P. v. Obulapuram Mining Coop. (P) Ltd., (2011) 15 SCC 599,* this Hon'ble Court was pleased to permit the state owned NMDC alone to operate its mines in the extra-ordinary circumstances. This Hon'ble Court further clarified that no part of the said production shall be exported outside India till further orders and that NMDC will sell the production to the States in consultation with Ministry of Steel, Government of India. Now other companies have also been allowed to mine but the said export ban still continues. Relevant part of the said order, dated 05.08.2011, is quoted herein-below:

> ***"5.****In order to balance the environmental concerns with economic development and keeping in mind the mandate of Article 21 of the Constitution, including intergenerational equity,* ***we are of the view that in extraordinary circumstances, NMDC alone be allowed to operate its mines*** *under Sl. Nos. 1 and 2 to the extent of providing one million tonnes per month commencing from 6-8-2011 till further orders.*
>
> *7.****We may clarify that no part of this production shall be exported outside India till further orders****. NMDC will sell the production to the States in consultation with Ministry of Steel, Government of India."* [emphasis supplied]

A copy of this Hon'ble Court's order, dated 05.08.2011, order, dated 05.08.2011, reported in *Government of A.P. v. Obulapuram Mining Coop. (P) Ltd., (2011) 15 SCC 599,* is annexed hereto and marked as **ANNEXURE P-22 (Pages 183 to 184).** It is submitted that ban on export of iron ore imposed by this Hon'ble Court is still in force and iron ore from Karnataka cannot be exported out.

28. That in ***Centre for Public Interest Litigation v. Union of India, (2012) 3 SCC 1,*** this Hon'ble Court was pleased to observe and hold as follows:

> ***"74.*** *At the outset, we consider it proper to observe that even though there is no universally accepted definition of natural resources, they are generally understood as elements having intrinsic utility to mankind. They may be renewable or non-renewable. They are thought of as the individual elements of the natural environment that provide economic and social services to human society and are considered valuable in their relatively unmodified, natural form. A natural resource's value rests in the amount of the material available and the demand for it. The latter is determined by its usefulness to production.* ***Natural resources belong to the people but the State legally owns them on behalf of its people and from that point of view natural resources are considered as national assets, more so because the State benefits immensely from their value****.*
>
> ***83 [Ed.: Para 83 corrected vide Official Corrigendum No. F.3/Ed.B.J./9/2012 dated 6-2-2012.] .*** *In Reliance Natural Resources Ltd. v. Reliance Industries Ltd. [(2010) 7 SCC 1] , P. Sathasivam, J., with whom Balakrishnan, C.J., agreed, made the following observations: (SCC p. 64, para 114)*
>
> > *"114. It must be noted that the constitutional mandate is that the natural resources belong to the people of this country. The nature*

<u>of the word 'vest' must be seen in the context of the public trust doctrine (PTD). Even though this doctrine has been applied in cases dealing with environmental jurisprudence, it has its broader application</u>."

84. *The learned Judge then referred to the judgments, Special Reference No. 1 of 2001, In re [(2004) 4 SCC 489] , M.C. Mehta v. Kamal Nath [(1997) 1 SCC 388] and observed: (Reliance Natural Resources Ltd. case [(2010) 7 SCC 1] , SCC p. 65, para 116)*

"116. … <u>This doctrine is part of Indian law and finds application in the present case as well. It is thus the duty of the Government to provide complete protection to the natural resources as a trustee of the people at large</u>."

<u>The Court also held that natural resources are vested with the Government as a matter of trust in the name of the People of India; thus it is the solemn duty of the State to protect the national interest and natural resources must always be used in the interests of the country and not private interests</u>*."* [emphasis supplied]

29. That in ***Natural Resources Allocation, In re, Special Reference No. 1 of 2012*****,** ***(2012) 10 SCC 1*****,** a Constitutional Bench of this Hon'ble Court was pleased to observe and hold as follows:

"177. *Also cited for our consideration was the judgment in Reliance Natural Resources Ltd. v. Reliance Industries Ltd. [(2010) 7 SCC 1] This Court's attention was invited to the following: (SCC pp. 36, 67-68, 103 & 105, paras 33, 122, 128, 243 & 250)*

"33. …..

***

122. From the above analysis, the following are the broad sustainable conclusions which can be derived from the position of the Union:

(1) ***The natural resources are vested with the Government as a matter of trust in the name of the people of India. Thus, it is the solemn duty of the State to protect the national interest****.*

(2) Even though exploration, extraction and exploitation of natural resources are within the domain of governmental function, the Government has decided to privatise some of its functions. ***For this reason, the constitutional restrictions on the Government would equally apply to the private players in this process****.* ***Natural resources must always be used in the interests of the country, and not private interests****.*

(3) The broader constitutional principles, the statutory scheme as well as the proper interpretation of the PSC mandates the Government to determine the price of the gas before it is supplied by the contractor.

(4) The policy of the Government, including the gas utilisation policy and the decision of EGOM would be applicable to the pricing in the present case.

(5) The Government cannot be divested of its supervisory powers to regulate the supply and distribution of gas.

***

128. ***In a constitutional democracy like ours, the national assets belong to the people****.* ***The Government holds such natural resources in trust. Legally, therefore, the Government owns such assets for the purposes of***

<u>developing them in the interests of the people</u>. *In the present case, the Government owns the gas till it reaches its ultimate consumer. A mechanism is provided under the PSC between the Government and the contractor (RIL, in the present case). The PSC shall override any other contractual obligation between the contractor and any other party.*

***

243. The structure of our Constitution is not such that it permits the reading of each of the Directive Principles of State Policy, that have been framed for the achievement of conditions of social, economic and political justice in isolation. The structural lines of logic, of ethical imperatives of the State and the lessons of history flow from one to the other. In the quest for national development and unity of the nation, it was felt that the 'ownership and control of the material resources of the community' if distributed in a manner that does not result in common good, it would lead to derogation from the quest for national development and the unity of the nation. Consequently, Article 39(b) of the Constitution should be construed in light of Article 38 of the Constitution and be understood as placing an affirmative obligation upon the State to ensure that distribution of material resources of the community does not result in heightening of inequalities amongst people and amongst regions. In line with the logic of the constitutional matrix just enunciated, and in the sweep of the quest for national development and unity, is another provision. <u>Inasmuch as inequalities between people and regions of the nation are inimical to those goals, Article 39(c) posits that the 'operation of the economic system' when left unattended and unregulated, leads to 'concentration of wealth and means of production to the common detriment' and commands the State to ensure that the same does not occur</u>.

***

250. <u>We hold that with respect to the natural resources extracted and exploited from the geographic zones specified in Article 297 the Union may not</u>:

(1) transfer title of those resources after their extraction unless the Union receives just and proper compensation for the same;

(2) ***<u>allow a situation to develop wherein the various users in different sectors could potentially be deprived of access to such resources</u>****;*

(3) ***<u>allow the extraction of such resources without a clear policy statement of conservation, which takes into account total domestic availability</u>****,* ***<u>the requisite balancing of current needs with those of future generations, and also India's security requirements</u>****;*

(5) <u>allow the extraction and distribution without periodic evaluation of the current distribution and making an assessment of how greater equity can be achieved, as between sectors and also between regions</u>;

(6) allow a contractor or any other agency to extract and distribute the resources without the explicit permission of the Union of India, which permission can be granted only pursuant to a rationally framed utilisation policy; and

(6) no end user may be given any guarantee for continued access and of use beyond a period to be specified by the Government.

Any contract including a PSC which does not take into its ambit stated principles may itself become vulnerable and fall foul of Article 14 of the Constitution."

178. *Interestingly, in Reliance Natural Resources Ltd. case [(2010) 7 SCC 1] the position adopted by the Union needs to be highlighted. This Court was informed that natural resources are vested in the Government as a matter of trust, in the name of the people of India. And that it was the solemn duty of the State to protect the national interest. The most significant assertion expressed on behalf of the Union was that natural resources must always be used in the interest of the country and not in private* *interest. It is in the background of the stance adopted by the Union that this Court issued the necessary directions extracted above.*

190. *Before adverting to anything else, it is essential to refer to Article 39(b) of the Constitution of India:*

> *"39. Certain principles of policy to be followed by the State.—The State shall in particular, direct its policy towards securing—*
>
> *(a)****
>
> *(b) that the ownership and control of the material resources of the community are so distributed as best to* ***subserve the common good****;" (emphasis supplied)*

*The mandate contained in the Article extracted above envisages that all material resources ought to be distributed in a manner which would "**best to subserve the common good**".**It is therefore apparent that governmental policy for distribution of such resources should be devised by keeping in mind the "common good" of the community i.e. the citizens of this country**. It has been expressed in the main opinion, that matters of policy fall within the realm of the legislature or the executive, and cannot be interfered with, unless the policy is in violation of statutory law, or is ultra vires the provision(s) of the Constitution of India. It is not within the scope of judicial review for a court to suggest an alternative policy, which in the wisdom of the court could be better suited in the circumstances of a case. Thus far, the position is clearly unambiguous."* [emphasis supplied]

30. That in light of the judgments referred to herein-above viz. *Centre for Public Interest Litigation v. Union of India, (2012) 3 SCC 1* and *Natural Resources Allocation, In re, Special Reference No. 1 of 2012*, *(2012) 10 SCC 1*, it is submitted that natural resources, which are considered as national assets, belong to the people and the State acts as a trustee of the said natural resources to ensure that the same are used for the benefit of the real owner i.e. the people of India. Thus, iron ore, being a scarce and precious natural resource belonging to the people, has to be used and exploited for the benefit of the people i.e. its exploitation should serve public interest. Thus, any policy framed by the State with regard to the utilization of iron ore has to be framed in the interests of the country and not for private interests, otherwise the policy will be liable to be struck down as being arbitrary. If as a result of iron ore export only few mining companies are being benefitted it amounts to iron ore being frittered away at the cost of national interests. Thus, if the State cannot justify as to how its policy related to iron ore export is in public interest then the said policy is liable to be struck down.

31. That during the mining of iron ore large areas of forests are damaged as most of the iron ore rich districts are found in and around forest lands. Thus, if due to increase in iron ore export more and more iron ore mining is done to meet the domestic demands it will completely ravage the forest, environment and natural resources in the long run, completely against the spirit of Article 48-A of Part IV (Directive Principles) of the Constitution of India. In *T.N. GodavarmanThirumulpad v. Union of India, (2002) 10 SCC 606,* a three-judge bench of this Hon’ble Court was pleased to observe as follows:

> ***“1.*** *By destroying nature, environment, man is committing matricide, having in a way killed Mother Earth. Technological excellence, growth of industries, economical gains have led to depletion of natural resources irreversibly. Indifference to the grave consequences, lack of concern and foresight have contributed in large measures to the alarming position. In the case at hand, the alleged victim is the flora and fauna in and around Kudremukh*

National Park, a part of the Western Ghats. The forests in the area are among 18 internationally recognized "hotspots" for biodiversity conservation in the world. IA No. 670 of 2001 was filed by Shri K.M. Chinnappa describing himself as trustee, Wildlife First.

17.*Article 48-A in Part IV (Directive Principles) of the Constitution of India brought by the Constitution (Forty-second Amendment) Act, 1976, enjoins that "State shall endeavour to protect and improve the environment and to safeguard the forests and wildlife of the country". Article 47 further imposes the duty on the State to improve public health as its primary duty. Article 51-A(g) imposes "a fundamental duty" on every citizen of India to protect and improve the natural "environment" including forests, lakes, rivers and wildlife and to have compassion for living creatures. The word "environment" is of broad spectrum which brings within its ambit "hygienic atmosphere and ecological balance". It is, therefore, not only the duty of the State but also the duty of every citizen to maintain hygienic environment.* ***The State, in particular has a duty in that behalf and to shed its extravagant unbridled sovereign power and to forge in its policy to maintain ecological balance and hygienic environment****.* ***Article 21 protects right to life as a fundamental right. Enjoyment of life and its attainment including the right to life with human dignity encompasses within its ambit, the protection and preservation of environment, ecological balance free from pollution of air and water, sanitation without which life cannot be enjoyed****. Any contra acts or actions would cause environmental pollution. Therefore, hygienic environment is an integral facet of right to healthy life and it would be impossible to live with human dignity without a humane and healthy environment. Environmental protection, therefore, has now become a matter of grave concern for human existence. Promoting environmental protection implies maintenance of the environment as a whole comprising the man-made and the natural environment.****Therefore, there is constitutional imperative on the Central Government, State Governments and bodies like municipalities, not only to ensure and safeguard proper environment but also an imperative duty to take adequate measures to promote, protect***

> ***<u>and improve the man-made environment and natural environment</u>.”*** [emphasis supplied]

32. That increase in iron ore export not only adversely impacts the environment by leading to over-exploitation but also directly and severely impacts the domestic steel industry. It is pertinent to mention herein that due to increase in export of good quality iron ore (i.e. iron ore having high Fe content) in recent years the price of this raw material has drastically increased for the domestic steel industry, resulting in increase in the input cost for all steel plants. As a result, the public at large are affected due to high prices of steel as iron and steel industry is regarded as the ‘*backbone of modern industrial economy’* in any developing country. Thus, it becomes expedient in public interest to completely ban the iron ore exports forthwith for maintaining and sustaining the domestic steel industry or at the very least levy a 30% export duty on export of iron ore pellets which are not manufacture by KIOCL and are not exported by KIOCL or any entity authorized by KIOCL.

33. That with the increasing iron ore export, India’s domestically produced iron ore is serving the needs of foreign market before catering to its own. In the article, dated 21.12.2020, titled “*The mystery behind rising iron ore prices*”, published by Financial Express, it was stated, inter alia, as follows:

> *“**<u>Over April-July 2020, India’s exports of iron ore have risen by a massive 63%.This rise in exports is primarily fuelled by record steel production by the world’s largest steel manufacturer—China</u>**. Chinese steel output hit all-time highs in September, as state-backed investment in infrastructure projects*

took centre-stage amid the nation's resurgence from the pandemic. This was further corroborated by an Edelweiss report which stated that iron ore imports in China surged 9% year-on-year in September 2020 and iron ore inventory at ports rose to 124 million tonnes from 105-110 million tonnes in July 2020. Consequently, miners including the NMDC have been exporting the iron ore owing to higher realisation for their produce.

The signs were already visible in FY20 as India's iron exports rose 133% to 37.69 million tonnes versus FY19 levels. And over 80% of these exports went to China. ***In crux, India's domestically produced iron ore was serving the needs of another market before catering to its own****.*

Whatever the case may be, domestic iron ore prices across grades have doubled from Rs 4,000 per tonne to Rs 8,000 per tonne on average, causing a spike in the cost of steel production. And the Ministry of Steel has been proactive in recognising this. The ministry understands how high steel prices can derail the nation's growth by impeding the construction industry, which looks upbeat as the lockdown ceases.

While a temporary stoppage in exports of iron ore remains an option to stabilise the domestic market, other options include fixing iron ore rates or taking over closed mines by state or central PSUs. *Whatever the choice may be, the actions must be quick as the industry has been reeling for a while now and desperately needs support of the government. As per one statistic, West Bengal has 64 iron and steel mills but not a single unit has more than 15 days of raw material stock available. An ominous December lies ahead if the changes are not implemented swiftly."* [emphasis supplied]

A copy of the article, dated 21.12.2020, titled "*The mystery behind rising iron ore prices*", published by Financial Express is annexed hereto and marked as **ANNEXURE P-23 (Pages 185 to 187).**

34. That as a result of rising iron ore prices the price of steel is also rising. The Government of India itself is not able to get steel at viable prices due to the hike in the steel prices due to which viability of various government projects is being affected. The news report, dated 18.12.2020, titled "*Drew PM attention to 55% hike in steel prices: Nitin Gadkari*", reported in Times of India, inter alia, as follows:

> *"Union minister Nitin Gadkari on Thursday said he had drawn Prime Minister Narendra Modi's attention towards 55% hike in steel prices during the past six months, which has affected viability of projects."*

A copy of the news report, dated 18.12.2020, titled "*Drew PM attention to 55% hike in steel prices: Nitin Gadkari*", reported in Times of India is annexed hereto and marked as **ANNEXURE P-24 (Page 188).**

35. That Sections 5 and 11(1) & (2) of the Foreign Trade (Development & Regulation) Act, 1992 provide as follows:

> *"5. Export and import policy. - The Central Government may, from time to time, formulate and announce, by notification in the Official Gazette, the export and import policy and may also, in like manner, amend that policy."*
>
> *11. Contravention of provisions of this Act, rules, orders and export and import policy. - (1) <u>No export or import shall be made by any person except in accordance with the provisions of this Act, the rules and orders made thereunder and the export and import policy for the time being in force</u>.*
>
> *(2) <u>**Where any person makes or abets or attempts to make any export or import in contravention of any provision of this Act or any rules or orders made thereunder or the export and import policy, he shall beliable to a penalty** not exceeding one thousand rupees or **five times the value of t**</u>*

***he goods in respect of which any contravention is made or attempted to be made**, whichever is more.”* [emphasis supplied]

36. That Section 135(1) of the Customs Act, 1962 provides as follows:

*“SECTION 135. **Evasion of duty or prohibitions**.*

*(1) Without prejudice to any action that may be taken under this Act, **if any person** -*

*(a) **is in relation to any goods in any way knowingly concerned in misdeclaration of value or in any fraudulent evasion or attempt at evasion of any duty chargeable thereon or of any prohibition for the time being imposed under this Act or any other law for the time being in force with respect to such goods**; or*

(b) …; or

(c) …; or

(d) fraudulently avails of or attempts to avail of drawback or any exemption from duty provided under this Act in connection with export of goods,

***he shall be punishable**, -*

(i) in the case of an offence relating to, -

(A) any goods the market price of which exceeds one crore of rupees; or

(B) the evasion or attempted evasion of duty exceeding fifty lakh of rupees; or

(C) such categories of prohibited goods as the Central Government may, by notification in the Official Gazette, specify; or

(D) fraudulently availing of or attempting to avail of drawback or any exemption from duty referred to in clause (d), if the amount of drawback or exemption from duty exceeds 4[fifty lakh] of rupees,

***with imprisonment for a term which may extend to seven years and with fine**:*

Provided that in the absence of special and adequate reasons to the contrary to be recorded in the judgment of the court, such imprisonment shall not be for less than one year;

(ii) in any other case, with imprisonment for a term which may extend to three years, or with fine, or with both.” [emphasis supplied]

37. That as many mining companies have been exporting iron ore pellets in contravention of the Foreign Trade Policy and have been evading the mandatory export duty, thus, they are liable to penalties of five times the value of iron ore pellets exported by them under Section 11 of the FT(D&R) Act, 1992and are also liable to punishment under Section 135(1) of the Customs Act, 1962.

38. The Petitioner submits that keeping the larger interest of the environment and economy, export of iron ore in the form of pellets or otherwise needs to be prohibited, as has been ordered regarding the ore originating from the State of Karnataka by this Hon’ble Court. Export of iron ore, which belongs to the people of this country, has only been benefiting select few private companies at the expense of the economy and the environment. Thus, the Union of India may be directed to completely ban the iron ore export or in the alternative to levy an export duty of 30% on export of iron ore pellets strictly in accordance with the Foreign Trade Policy 2015-2020 i.e. on export of iron ore pellets which are not manufacture by KIOCL and are not exported by KIOCL or any entity authorized by KIOCL. The Union of India may also be directed to initiate proceedings under Section 11 of the Foreign Trade (Development & Regulation) Act, 1992and Section 135(1) of the Customs Act, 1962 against the mining companies which have exported iron ore pellets in contravention of the provisions of India's export policy and have thereby evaded the export duty chargeable on export of iron ore pellets.

39. That the Petitioner herein has not filed any other petition, suit or application in any manner regarding the matter of dispute in this Hon'ble Court, or any High Court or any other Court throughout the territory of India. The Petitioner has no other better remedy available.

GROUNDS

A. Because as per the aforesaid Foreign Trade Policy 2009-2014 ("FTP 2009-14"), all Exports were 'Free', except when regulated as per FTP and/or ITC (HS), wherein Schedule 2 of ITC (HS) dealt with the Export Policy Regime. Further, any goods, export of which is governed through the '*exclusive or special privileges'* granted to State Trading Enterprises (STE(s)), could be exported by STE(s) as per the conditions specified in ITC (HS). DGFT could grant an Authorization to any other person to export any of these goods. However, it is not the case herein that the DGFT had granted any kind of authorization to the Respondent mining companies to export iron ore pellets under Para 2.11. Pertinently, Sl.No. 104 with Tariff Item HS Code

"26011210" in Chapter 26 of Schedule 2 (Export Policy) of the ITC (HS), 2012 provided that the export of "*Iron ore pellets manufactured by Kudremukh Iron Ore Company Limited"* was allowed only through "*Kudremukh Iron Ore Company Limited, Bangalore".*

B. Because vide Notification. No. 92(RE- 2013), dated 26.09.2014, in exercise of the powers conferred by Section 5 of the FT(D&R) Act, 1992 read with Para 1.3 of the FTP 2009-14, the Central Government amended Sl. No. 104 [Tariff Item HS Code: *2601 12 10*] of Chapter 26 of Schedule 2 of the ITC (HS) to the effect that the Export Policy was changed from "STE" to "*Free*" and the Nature of Restriction was changed from "*Kudremukh Iron Ore Company Limited, Bangalore"* to "*Export by KIOCL Limited, Bangalore or any entity authorized by KIOCL Limited Bangalore*". It was specifically provided in Point No.3 that the Effect of the said Notification was that KIOCL Limited has been permitted to export its own manufactured iron ore pellets either by itself or through any entity authorized by it for the purpose.

C. Because in the Foreign Trade Policy 2015-2020, no change was made in the export policy and nature of restrictions/policy conditions of iron ore pellets i.e. the entry at Sl. No. 104 [Tariff Item HS Code: 2601 12 10] remained the same as amended by the Notification. No. 92(RE- 2013), dated 26.09.2014.

D. Because the Central Government reduced the export duty on Iron Ore Pellets [Tariff Item HS Code: 2601 12 10] to 'nil' vide Notification dated 01.03.2011. Vide Notification, dated 27.01.2014, the Central

Government increased the export duty on iron ore pellets to 5%. Then vide Notification, dated 04.01.2016, the Central Government again reduced the export duty on iron ore pellets to ‘nil’. Further, vide Notification dated 01.03.2011, the export duty on iron ore [Tariff Item HS Sub-Heading: 2601 11] was increased to 20%, which was further increased to 30% in coming years. It is pertinent to mention herein that the total exemption from export duty is only for the export of iron ore pellets under ITC HS Code: 26011210 and as noted herein-above, according to the export policy, ITC HS Code: 26011210 is ***“only”*** for export of KIOCL manufactured iron ore pellets either by KIOCL (a Public Sector Company under the Ministry of Steel) or through any other entity authorized by KIOCL.

E. Because it has come to light that many mining companies have been illegally exporting iron ore pellets by falsely declaring them under the ITC HS Code *26011210,* thereby, claiming full exemption of export duty, even though as per the export policy conditions only Kudremukh Iron Ore Company Limited (KIOCL) Limited, Bangalore or any entity authorised by KIOCL Limited, Bangalore is allowed to export Iron ore pellets manufactured by KIOCL.

F. Because as per existing law of the land [FTP 2009-14, Notification No. 92(RE- 2013), dated 26.09.2014 and FTP 2015-20], mining companies which were/are not authorized by KIOCL could not / cannot export iron ore in pellet form and even if they intend to do so they could/can do it by exporting the iron ore pellets as normal iron ore only, under the Tariff Item HS Code *26011100* with item description "*All iron ore of Fe content upto 64%*" and paying full export duty of 30% on the said export.

G. Because the only change that was made vide the Notification. No. 92(RE- 2013), dated 26.09.2014, was that KIOCL was permitted to export its own manufactured iron ore pellets either by itself or through any entity authorized by it for the purpose. The change of Export Policy of Tariff Item HS Code: *26011210* from "STE" to "*Free*" does not mean that iron ore pellets can be freely exported by any entity without any authorization by KIOCL.

H. Because the General Notes to Export Policy of in the FTP 2015-20 provide that Goods listed as "*Free*" in the Export Licensing Schedule may be exported without an export licence as such "*<u>but they are subject to conditions laid out against the respective entry</u>*". The Policy Condition corresponding to the ITC HS Code: *26011210* clearly provides that the iron ore pellets manufactured by KIOCL can only be exported by KIOCL, Bangalore or any entity authorized by KIOCL.

I. Because the Explanatory Note on how to read the Export Policy in the FTP 2015-20 provides that Policy Conditions are the special conditions, "*which must be met"* for the export of goods in the item description column.

J. Because none of the erring mining companies have been granted any authorisation by the DGFT under Para 2.20(c) of the FTP- 2015-20 to export iron ore pellets which, according to the policy condition stipulated in this regard, can be exported only though KIOCL or through any entity authorized by it for the purpose.

K. Because by taking undue advantage of the Notification. No. 92(RE-2013), dated 26.09.2014, many mining companies have been illegally and freely exporting iron ore in pellets form without paying the export duty of 30% that is levied on export of iron ores. It is pertinent to mention herein that as per Chapter 26 of Schedule 2 of the ITC (HS), 2018 in the FTP 2015-20 (referred to herein-above) read with the Export Tariff 2018-19, "*all iron ore of Fe content upto 64%*" is freely exportable by paying the export duty of 30%. However, by illegally exporting iron ore pellets under ITC HS Code: *26011210,* the mining companies are not just evading the mandatory export duty of 30% but are also freely exporting iron ore pellets, including that with Fe content more than 64%. It is to be noted that as per Chapter 26 of Schedule 2 of the ITC (HS), 2018 in the FTP 2015-20, iron ore with Fe content above 64% can only be exported through MMTC Limited, which is a leading PSU of the Government of India and the largest international trading company of India.

L. In other words, by illegally exporting iron ore in the form of pellets, the mining companies have been able to evade the mandatory export duty 30% which is otherwise levied on export of iron ore and have also been able to evade the restriction related to Fe content.

M. Because in his legal opinion, dated 10.09.2020, the Deputy Legal Advisor, Department of Legal Affairs of the Government of India, after noting that the amendment made vide Notification No. 92(RE- 2013), dated 26.09.2014, was introduced at the request and recommendation of the Ministry of Steel and Ministry of Commerce & Industry, has categorically opined, inter alia, that: "*Sl No. 104 of Chapter 26 of Schedule 2 of ITC(HS) Classification of Export and Import Items was amended without disturbing the entry in Column IV of the above chart providing for "Item Description" and the same as it was prior to the said amendment dated 26.09.2014*." He further opined that: "*there is no room for doubt that the word "free" substituted for the word "STE" is only in reference to the words "any entity authorized by Kudremukh Iron Ore Company Ltd. Bangalore" inserted by the amendment dated 26.09.2014. Therefore, export of iron ore pellets by any other company other than KIOCL or any entity authorized by Kudremukh Iron Ore Company Ltd. Bangalore is not in consonance with the notification."* The Deputy Legal Advisor, Department of Legal Affairs of the GOI further opined that: "*In view of the above clarification, the administrative Department may like to take appropriate action as per law applicable in this regard*.

N. Because thereafter, the Ministry of Commerce & Industry came out with a "*Clarification on Iron Ore Export*s", dated 08.10.2020, stating therein, inter alia, that: "*The legal opinion from Deputy Legal Advisor, Department of Legal Affairs has not been endorsed by the senior officials of the Department and cannot be taken as the official legal view on this matter. The matter for final legal position is under consideration*." However, it is submitted that the said "*Clarification on Iron Ore Export*s", dated 08.10.2020, completely fails to clarify as to:

i) how can an entity, not authorized by KIOCL, export iron ore pellets under ITC HS Code: *26011210;*

ii) how can the iron ore pellets not manufactured by KIOCL be exported under the ITC HS Code: *26011210;*

iii) how can an entity, not authorized by KIOCL, export iron ore pellets by paying *nil* export duty and by evading the restriction related to Fe content.

O. Because if any entity other than KIOCL wishes to export iron ore pellets under the said Tariff item, it must show that the pellets have been manufactured by KIOCL and that the latter has authorized it to export them. If either of these conditions is not satisfied, Tariff item 2601 12 10 will not be applicable.

P. Because the Business Standard reported in its news report, dated 07.08.2019, that the Union Steel Ministry will study the possibility of export of high grade iron ore lumps or fines either in the garb of low grade ore or as iron ore pellets, which enjoy export duty waiver regardless of the ore content. The Business Standard reported, inter alia, as follows:

> "*The steel ministry has set in motion a study on whether higher grade iron ore is being exported by passing off as lower grade material or pellets. Inferior grade ore with iron content up to 58 per cent and pellets are currently exempted from export tax while richer grade ore attracts 30 per cent duty.*
>
> *The ministry has decided that consultancy firm Mecon will commission a study on the possibility of export of high grade*

> *iron ore lumps or fines (iron or Fe content above 58 per cent) either in the garb of low grade ore or as iron ore pellets, which enjoy export duty waiver regardless of the ore content*."

Q. Because the draft ITC (HS) Export Policy, 2019 does, inter alia, two things: i) removes the phrase "*Iron ore pellets manufactured by Kudremukh Iron Ore Company Limited (KIOCL)"* from the Item Description of ITC HS Code: *26011210;* ii) removes the existing Policy Condition corresponding to the ITC HS Code: *26011210* i.e. "*Export by KIOCL Limited, Bangalore or any entity authorised by KIOCL Limited, Bangalore [Notification. No. 92(RE2013) dated 26.09.2014].* Thus, the draft Export Policy envisages to allow any other entity apart from KIOCL or an entity authorised by KIOCL to export iron ore pellets under the ITC HS Code: *26011210*. The said draft export policy clearly implies that under the existing export policy, no other entity apart from KIOCL or an entity authorised by KIOCL is entitled to export iron ore pellets under the ITC HS Code: *26011210* and therefore, any such export done by the mining companies are entirely illegal.

R. Because iron ores are vital raw materials for iron and steel industry and because of the rising export of iron ore in form of pellets (which are high quality raw materials), thereby, getting over the restriction regarding Fe content, the domestic steel industry is made to suffer. It is pertinent to mention herein that in its 53rd Report, dated 17.02.2014, on Action Taken by the Government on the observations/recommendations contained in the 38th Report of the

Standing Committee on Coal and Steel on "Review of Export of Iron Ore Policy" pertaining to the Ministry of Steel, the Standing Committee on Coal and Steel observed its recommendation regarding the importance and lack availability of iron ore for the domestic steel industry, the reply of the Ministry of Steel on its recommendation to ban export of iron ore and gave its observation in that regard, as follows:

"Recommendation Serial No. 10

19. The Committee note that iron ore, a non-renewable and critical raw material for steel industry is poised for huge capacity expansion and according to the Ministry of Steel, policy measures are needed to conserve this resource for long term requirement of domestic steel industry. ***The Committee are however, concerned to note that as per the present foreign trade policy regarding export of iron ore, iron ore upto 64% Fe content is freely allowed****. Further, export of iron ore of Goa origin is freely allowed to China, Europe, Japan, South Korea and Taiwan (irrespective of Fe content) and export of iron ore from Redi region to all markets (irrespective of Fe content) is also freely allowed. As regards export of iron ore with Fe content above 64%, the Committee find that these exports were canalized through MMTC and high grade iron ore not exceeding 1.8 million tonnes(lumps) and 2.7 million tonnes (fines) from Bailadila, Chhattisgarh is allowed to be exported.* ***In view of the free trade of iron ore upto 64% Fe content and even export of higher grade of iron ore, the Committee recommend that the Government should take immediate necessary policy measures not only to ban the export of iron ore reserves of higher grade but also those upto 64% Fe content which are presently freely allowed****. In view of the limited beneficiation agglomeration facilities in the country, the Committee feel that the high grade iron ore with Fe content more than 64% from Bailadila, Chhattisgarh which can be used by the existing steel plants should not be permitted for export and be made available to meet the requirement of domestic steel industry.*

20. The Ministry of Steel in their action taken reply have furnished as follows:-

Export of high grade ore is permitted only for export by MMTC / NMDC to Japan and South Korea under Long Term Agreements (LTAs) which have been in existence since 1970. Presently, the LTAs have been renewed for the period from 01-04-2012 to 31-03-2015 with the approval of the Cabinet in view of our long-term strategic relationship with these countries.

<u>Total ban over export of iron ore is not considered to be the only way to discourage export of iron ore and to improve availability of iron ore for domestic consumers. Government has been, on the recommendations of Ministry of Steel, increasing export duty on iron ore and at present it is at 30%.</u>

<u>8. The Committee do not concur with the view of the Ministry of Steel for not totally banning the export of iron ore. Though, the Ministry of Steel in the action taken reply have submitted that custom duty on export of iron ore has been increased to 30% to discourage export of iron and encourage domestic value addition, the Committee are dismayed to note the reply of the Ministry of Commerce that only the surplus, if any, is being exported. The Committee are of the firm view that the endeavour of the Ministry should be for utilizing the surplus iron ore, if any, for future instead of exporting it. The Committee, therefore, desire that the Ministry of Steel should take adequate steps to get the additional capacity installed for finished steel in the next 3 years so that surplus iron ore available is consumed by the domestic industries. The Government cannot ignore future demand of domestic industries.</u>" [emphasis supplied]

S. Thus, the stated policy of the Government itself is to discourage iron ore export and improve its availability for domestic industry and for precisely the said purpose the Government levies a high export duty of 30% on iron ore. It is submitted that the said purpose gets defeated if, in violation of the export policy, iron ore is allowed to be exported in huge quantities in the form of pellets by unauthorized mining companies on payment of *nil* export duty and evading the restriction related to Fe content.

T. Because the Federation of Mineral Industries (FIMI) also raised its concern about illegal iron ore exports. The Hindu BusinessLine, in its news report, dated, 02.09.2020, titled '*FIMI alleges major irregularities in export of iron ore pellets',* reported as follows:

> *"On the contrary, the same players have been illegally exporting pellets (usually containing more than 64 per cent iron), which is only a substitute for high grade iron-ore lumps and is a precious input needed by the domestic steel and sponge-iron plants," this letter to Steel Minister Dharmendra Pradhan alleged.*
>
> *According to FIMI, as per DGFT's ITC (HS), 2018 Export Policy, only the iron ore pellets manufactured by Kudremukh Iron Ore Company Limited (KIOCL) are allowed to be exported.*
>
> *"All other pellet producers are therefore exporting pellets in total violation of the Government's policy. Not only are they exporting pellets illegally, they are also claiming 1 per cent duty drawback from the Government. According to our estimate, during 2013-2020, there has been illegal export of pellets to the extent of ₹ 25,145.36 crore (this has ₹24,896.40 crore as value of exports and ₹248.96 crore as by companies other than KIOCL," the FIMI letter said.*
>
> *"The hypocrisy of the pellet exporters can be observed from the fact that they are advocating scarcity of raw materials (iron-ore) on one hand and illegally exporting pellets, which is a much more precious commodity containing iron ore (with 64 per cent or more*

iron). These integrated steel producers have been creating an unwarranted scare that raw material is being exported," FIMI alleged."

U. Because the illegal iron ore exports by the mining companies is heavily impacting the domestic steel sector and the economy. The Financial Express, in its news report, dated 24.11.2020, titled '*FIMI urges Centre to immediately put complete ban on illegal export of iron ore pellets*', reported as follows:

> *"Miners' body FIMI has urged the Centre to immediately put a complete ban on illegal exports of iron ore pellets stating that such a move would help meet the domestic requirement of the key material used in making steel.*
>
> *…*
>
> *"Moreover, 62-64 per cent Fe (iron) is required for manufacturing of pellets. Had this illegal exports of pellets by private entities not been allowed, domestic steel industry would have met their requirement to that extent," FIMI said."*

V. Because even if a minor value is added in the preparation of iron ore pellets, they are, nevertheless, raw materials only and not finished products. Iron ore pellets, being valuable raw materials, are in high demand for the domestic steel industry. There is absolutely no public interest if these raw materials are allowed to be exported and that too in violation of the export policy of the country. Thus, the export of iron ore pellets, except by KIOCL or by any other entity authorized by KIOCL (as per the export policy), must be banned forthwith as the export of iron ore pellets is only benefiting the private coffers of mining companies and making the domestic steel industry suffer.

Such illegal export of iron ore pellets is also causing huge loss to the public exchequer worth thousands of crores of rupees as the mining companies are exporting these iron ore pellets by paying *nil* export duty, in complete violation of the export policy of the country.

W. Because such illegal export of iron ore pellets have the ultimate affect of over-exploitation of natural resources, thus, adversely affecting the environment. Therefore, by allowing such illegal export of iron ore pellets to go unchecked, the Government is infringing people's right to clean environment as well as precautionary principle which have been interpreted by this Hon'ble Court to be part and parcel of Article 21 of the Constitution of India. Vide order, dated 29.07.2011, reported in *Govt. of A.P. v. Obulapuram Mining Co. (P) Ltd., (2011) 12 SCC 491,* a three-judge bench of this Hon'ble Court was pleased to suspend the mining operation and transportation in Bellary district of Karnataka on account of the over-exploitation and considerable damage that it had caused to the environment and by keeping in mind the precautionary principle, which is the essence of Article 21 of the Constitution. The said order, dated 29.07.2011, is quoted herein-below:

X. ***1.*** *In continuation of our earlier orders dated 29-4-2011 [Govt. of A.P. v. Obulapuram Mining Co. (P) Ltd., (2011) 12 SCC 495] and 6-5-2011 [Govt. of A.P. v. Obulapuram Mining Co. (P) Ltd., (2011) 12 SCC 493] ,<u>we are of the view that mining operations and transportation in an area admeasuring</u>*

<u>approximately 10,868 ha in Bellary District be immediately suspended till further orders</u>.

2.<u>We are satisfied that, on account of overexploitation, considerable damage has been done to the environment. We are taking a holistic view of the matter. We have suspended these operations keeping in mind the precautionary principle, which is the essence of Article 21 of the Constitution. (See M.C. Mehta v. Union of India [(2009) 6 SCC 142].)</u>

***3.** The matter shall stand over for one week.*

***4.** In the meantime, we direct the Ministry of Environment and Forests ("MoEF", for short) to submit an interim report indicating what is the requirement of steel industry in India as far as iron ore is concerned. Secondly, out of the total requirement of the steel industry in the country, how much is met by the Bellary mines. Lastly, how much of the quantity of iron ore is domestically required and internationally exported. MoEF will obtain this requisite information from the Ministries of Mines, Steel and Commerce.*

***5.** The Secretary, MoEF, will immediately convene a meeting of the Secretaries of the Ministries concerned and furnish a report within a week. We further direct CEC to submit a report on environment impact assessment on account of mining in Tumkur and Chitradurga Districts within a period of three weeks.*

***6.** The affidavits filed by the parties are taken on record."* [emphasis supplied]

Y. Because thereafter, vide order, dated 05.08.2011, reported in *Government of A.P. v. Obulapuram Mining Coop. (P) Ltd., (2011) 15 SCC 599,* this Hon'ble Court was pleased to permit the state owned NMDC alone to operate its mines in the extra-ordinary circumstances. This Hon'ble Court further clarified that no part of the said production shall be exported outside India till further orders and that NMDC will sell the production to the States in consultation with Ministry of Steel, Government of India. Now other companies have also been allowed to mine but the said export ban still continues. Relevant part of the said order, dated 05.08.2011, is quoted herein-below:

> ***"5.****In order to balance the environmental concerns with economic development and keeping in mind the mandate of Article 21 of the Constitution, including intergenerational equity,* ***we are of the view that in extraordinary circumstances, NMDC alone be allowed to operate its mines*** *under Sl. Nos. 1 and 2 to the extent of providing one million tonnes per month commencing from 6-8-2011 till further orders.*
>
> *7.****We may clarify that no part of this production shall be exported outside India till further orders****. NMDC will sell the production to the States in consultation with Ministry of Steel, Government of India."* [emphasis supplied]

It is submitted that ban on export of iron ore imp

osed by this Hon'ble Court is still in force and iron ore from Karnataka cannot be exported out.

Z. Because in ***Centre for Public Interest Litigation v. Union of India, (2012) 3 SCC 1,*** this Hon'ble Court was pleased to observe and hold as follows:

*“**74.** At the outset, we consider it proper to observe that even though there is no universally accepted definition of natural resources, they are generally understood as elements having intrinsic utility to mankind. They may be renewable or non-renewable. They are thought of as the individual elements of the natural environment that provide economic and social services to human society and are considered valuable in their relatively unmodified, natural form. A natural resource's value rests in the amount of the material available and the demand for it. The latter is determined by its usefulness to production.**Natural resources belong to the people but the State legally owns them on behalf of its people and from that point of view natural resources are considered as national assets, more so because the State benefits immensely from their value**.*

83 [Ed.: Para 83 corrected vide Official Corrigendum No. F.3/Ed.B.J./9/2012 dated 6-2-2012.] . *In Reliance Natural Resources Ltd. v. Reliance Industries Ltd. [(2010) 7 SCC 1] , P. Sathasivam, J., with whom Balakrishnan, C.J., agreed, made the following observations: (SCC p. 64, para 114)*

“114. It must be noted that the constitutional mandate is that the natural resources belong to the people of this country. The nature of the word ‘vest’ must be seen in the context of the public trust doctrine (PTD). Even though this doctrine has been applied in cases dealing with environmental jurisprudence, it has its broader application.”

84. *The learned Judge then referred to the judgments, Special Reference No. 1 of 2001, In re [(2004) 4 SCC 489] , M.C. Mehta v. Kamal Nath [(1997) 1 SCC 388] and observed: (Reliance Natural Resources Ltd. case [(2010) 7 SCC 1] , SCC p. 65, para 116)*

“116. … This doctrine is part of Indian law and finds application in the present case as well. It is thus the duty of the Government to

provide complete protection to the natural resources as a trustee of the people at large.”

The Court also held that natural resources are vested with the Government as a matter of trust in the name of the People of India; thus it is the solemn duty of the State to protect the national interest and natural resources must always be used in the interests of the country and not private interests.”
[emphasis supplied]

AA. Because in ***Natural Resources Allocation, In re, Special Reference No. 1 of 2012*, *(2012) 10 SCC 1*,** a Constitutional Bench of this Hon’ble Court was pleased to observe and hold as follows:

“177. *Also cited for our consideration was the judgment in Reliance Natural Resources Ltd. v. Reliance Industries Ltd. [(2010) 7 SCC 1] This Court's attention was invited to the following: (SCC pp. 36, 67-68, 103 & 105, paras 33, 122, 128, 243 & 250)*

“33. …..

***

122. From the above analysis, the following are the broad sustainable conclusions which can be derived from the position of the Union:

(1) ***The natural resources are vested with the Government as a matter of trust in the name of the people of India. Thus, it is the solemn duty of the State to protect the national interest.***

(2) Even though exploration, extraction and exploitation of natural resources are within the domain of governmental function, the Government has decided to privatise some of its functions. ***For this reason, the constitutional restrictions on the Government would equally apply to the private players in this process. Natural resources must always be used in the interests of the country, and not private interests.***

(3) The broader constitutional principles, the statutory scheme as well as the proper interpretation of the PSC mandates the

Government to determine the price of the gas before it is supplied by the contractor.

(4) The policy of the Government, including the gas utilisation policy and the decision of EGOM would be applicable to the pricing in the present case.

(5) The Government cannot be divested of its supervisory powers to regulate the supply and distribution of gas.

***

*128. **<u>In a constitutional democracy like ours, the national assets belong to the people</u>**. **<u>The Government holds such natural resources in trust. Legally, therefore, the Government owns such assets for the purposes of developing them in the interests of the people</u>**. In the present case, the Government owns the gas till it reaches its ultimate consumer. A mechanism is provided under the PSC between the Government and the contractor (RIL, in the present case). The PSC shall override any other contractual obligation between the contractor and any other party.*

***

243. The structure of our Constitution is not such that it permits the reading of each of the Directive Principles of State Policy, that have been framed for the achievement of conditions of social, economic and political justice in isolation. The structural lines of logic, of ethical imperatives of the State and the lessons of history flow from one to the other. In the quest for national development and unity of the nation, it was felt that the 'ownership and control of the material resources of the community' if distributed in a manner that does not result in common good, it would lead to derogation from the quest for national development and the unity of the nation. Consequently, Article 39(b) of the Constitution should be construed in light of Article 38 of the Constitution and be understood as placing an affirmative obligation upon the State to ensure that distribution of material resources of the community does not result in heightening of inequalities amongst people and amongst regions. In line with the logic of the constitutional matrix just enunciated, and in the sweep of the quest for national development and unity, is another provision. <u>Inasmuch as</u>

inequalities between people and regions of the nation are inimical to those goals, Article 39(c) posits that the 'operation of the economic system' when left unattended and unregulated, leads to 'concentration of wealth and means of production to the common detriment' and commands the State to ensure that the same does not occur.

*****

250. We hold that with respect to the natural resources extracted and exploited from the geographic zones specified in Article 297 the Union may not:

(1) transfer title of those resources after their extraction unless the Union receives just and proper compensation for the same;

(2) ***allow a situation to develop wherein the various users in different sectors could potentially be deprived of access to such resources****;*

(3) ***allow the extraction of such resources without a clear policy statement of conservation, which takes into account total domestic availability****,* ***the requisite balancing of current needs with those of future generations, and also India's security requirements****;*

(4) allow the extraction and distribution without periodic evaluation of the current distribution and making an assessment of how greater equity can be achieved, as between sectors and also between regions;

(5) allow a contractor or any other agency to extract and distribute the resources without the explicit permission of the Union of India, which permission can be granted only pursuant to a rationally framed utilisation policy; and

(6) no end user may be given any guarantee for continued access and of use beyond a period to be specified by the Government.

Any contract including a PSC which does not take into its ambit stated principles may itself become vulnerable and fall foul of Article 14 of the Constitution."

178. *Interestingly, in Reliance Natural Resources Ltd. case [(2010) 7 SCC 1] the position adopted by the Union needs to be highlighted. This Court was informed that natural resources are vested in the Government as a matter of trust, in the name of the people of India. And that it was the solemn duty of the State to protect the national interest. The most significant assertion expressed on behalf of the Union was that natural resources must always be used in the interest of the country and not in private interest. It is in the background of the stance adopted by the Union that this Court issued the necessary directions extracted above.*

190. *Before adverting to anything else, it is essential to refer to Article 39(b) of the Constitution of India:*

> *"39. Certain principles of policy to be followed by the State.—The State shall in particular, direct its policy towards securing—*
>
> *(a)****
>
> *(b) that the ownership and control of the material resources of the community are so distributed as best to* ***subserve the common good****;" (emphasis supplied)*

*The mandate contained in the Article extracted above envisages that all material resources ought to be distributed in a manner which would "****best to subserve the common good****".****It is therefore apparent that governmental policy for distribution of such resources should be devised by keeping in mind the "common good" of the community i.e. the citizens of this country****. It has been expressed in the main opinion, that matters of policy fall within the realm of the legislature or the executive, and cannot be interfered with, unless the policy is in violation of statutory law, or is ultra vires the provision(s) of the Constitution of India. It is not within the scope of judicial review for a court to suggest an alternative policy, which in the wisdom of the court could be better suited in the circumstances of a case. Thus far, the position is clearly unambiguous."* [emphasis supplied]

BB. Because in light of the judgments referred to herein-above viz. *Centre for Public Interest Litigation v. Union of India, (2012) 3 SCC 1* and *Natural Resources Allocation, In re, Special Reference No. 1 of 2012*, *(2012) 10 SCC 1*, it is submitted that natural resources, which are considered as national assets, belong to the people and the State acts as a trustee of the said natural resources to ensure that the same are used for the benefit of the real owner i.e. the people of India. Thus, iron ore, being a scarce and precious natural resource belonging to the people, has to be used and exploited for the benefit of the people i.e. its exploitation should serve public interest. Thus, any policy framed by the State with regard to the utilization of iron ore has to be framed in the interests of the country and not for private interests, otherwise the policy will be liable to be struck down as being arbitrary. If as a result of iron ore export only few mining companies are being benefitted it amounts to iron ore being frittered away at the cost of national interests. Thus, if the State cannot justify as to how its policy related to iron ore export is in public interest then the said policy is liable to be struck down.

CC. Because during the mining of iron ore large areas of forests are damaged as most of the iron ore rich districts are found in and around forest lands. Thus, if due to increase in iron ore export more and more iron ore mining is done to meet the domestic demands it will completely ravage the forest, environment and natural resources in the long run, against the spirit of Article 48-A of Part IV (Directive Principles) of the Constitution of India. In *T.N. GodavarmanThirumulpad v. Union of India, (2002) 10 SCC 606,* a three-judge bench of this Hon'ble Court was pleased to observe as follows:

> ***"1.*** *By destroying nature, environment, man is committing matricide, having in a way killed Mother Earth. Technological excellence, growth of industries, economical gains have led to depletion of natural resources irreversibly. Indifference to the grave consequences, lack of concern and foresight have contributed in large measures to the alarming position. In the case at hand, the alleged victim is the flora and fauna in and around Kudremukh National Park, a part of the Western Ghats. The forests in the area are among 18 internationally recognized "hotspots" for biodiversity conservation in the world. IA No. 670 of 2001 was filed by Shri K.M. Chinnappa describing himself as trustee, Wildlife First.*
>
> ***17.****Article 48-A in Part IV (Directive Principles) of the Constitution of India brought by the Constitution (Forty-second Amendment) Act, 1976, enjoins that "State shall endeavour to protect and improve the environment and to safeguard the forests and wildlife of the country". Article 47 further imposes the duty on the State to improve public health as its primary duty. Article 51-A(g) imposes "a fundamental duty" on every citizen of India to protect and improve the natural "environment" including forests, lakes, rivers and wildlife and to have compassion for living creatures. The word "environment" is of broad spectrum which brings within its ambit "hygienic atmosphere and ecological balance". It is, therefore, not only the duty of the State but also the duty of every citizen to maintain hygienic environment.* ***The State, in particular has a duty in that behalf and to shed its extravagant unbridled sovereign power and to forge in its policy to maintain ecological balance and hygienic environment****.* ***Article 21 protects right to life as a fundamental right. Enjoyment of life and its attainment including the right to life with human dignity encompasses within its ambit, the protection and preservation of environment, ecological balance free from pollution of air and water, sanitation without which life cannot be enjoyed****. Any contra acts or actions would cause environmental pollution. Therefore, hygienic*

environment is an integral facet of right to healthy life and it would be impossible to live with human dignity without a humane and healthy environment. Environmental protection, therefore, has now become a matter of grave concern for human existence. Promoting environmental protection implies maintenance of the environment as a whole comprising the man-made and the natural environment. ***Therefore, there is constitutional imperative on the Central Government, State Governments and bodies like municipalities, not only to ensure and safeguard proper environment but also an imperative duty to take adequate measures to promote, protect and improve the man-made environment and natural environment****."* [emphasis supplied]

DD. Because increase in iron ore export not only adversely impacts the environment by leading to over-exploitation but also directly and severely impacts the domestic steel industry. It is pertinent to mention herein that due to increase in export of good quality iron ore (i.e. iron ore having high Fe content) in recent years the price of this raw material has drastically increased for the domestic steel industry, resulting in increase in the input cost for all steel plants. As a result, the public at large are affected due to high prices of steel as iron and steel industry is regarded as the '*backbone of modern industrial economy'* in any developing country. Thus, it becomes expedient in public interest to completely ban the iron ore exports forthwith for maintaining and sustaining the domestic steel industry or at the very least levy a 30% export duty on export of iron ore pellets which are not manufacture by KIOCL and are not exported by KIOCL or any entity authorized by KIOCL.

EE. Because with the increasing iron ore export, India's domestically produced iron ore is serving the needs of foreign market before catering to its own. In the article, dated 21.12.2020, titled "*The mystery behind rising iron ore prices*", published by Financial Express, it was stated, inter alia, as follows:

> *"**Over April-July 2020, India's exports of iron ore have risen by a massive 63%.This rise in exports is primarily fuelled by record steel production by the world's largest steel manufacturer—China**. Chinese steel output hit all-time highs in September, as state-backed investment in infrastructure projects took centre-stage amid the nation's resurgence from the pandemic. This was further corroborated by an Edelweiss report which stated that iron ore imports in China surged 9% year-on-year in September 2020 and iron ore inventory at ports rose to 124 million tonnes from 105-110 million tonnes in July 2020. Consequently, miners including the NMDC have been exporting the iron ore owing to higher realisation for their produce.*
>
> *The signs were already visible in FY20 as India's iron exports rose 133% to 37.69 million tonnes versus FY19 levels. And over 80% of these exports went to China. **In crux, India's domestically produced iron ore was serving the needs of another market before catering to its own**.*
>
> *Whatever the case may be, domestic iron ore prices across grades have doubled from Rs 4,000 per tonne to Rs 8,000 per tonne on average, causing a spike in the cost of steel production. And the Ministry of Steel has been proactive in recognising this. The ministry understands how high steel prices can derail the nation's growth by impeding the construction industry, which looks upbeat as the lockdown ceases.*

> ***<u>While a temporary stoppage in exports of iron ore remains an option to stabilise the domestic market, other options include fixing iron ore rates or taking over closed mines by state or central PSUs.</u>*** *Whatever the choice may be, the actions must be quick as the industry has been reeling for a while now and desperately needs support of the government. As per one statistic, West Bengal has 64 iron and steel mills but not a single unit has more than 15 days of raw material stock available. An ominous December lies ahead if the changes are not implemented swiftly.”* [emphasis supplied]

FF. Because as a result of rising iron ore prices the price of steel is also rising. The Government of India itself is not able to get steel at workable prices due to the hike in the steel prices due to which viability of various government projects is being affected. It is, therefore, submitted that the existing iron ore export is leading to rising price of iron ore for domestic steel industry, leading to lack of steel and rise in steel prices, adversely affecting all other large numbers of industries dependant on steel for their production and operation. Thus, general public of the country who are the ultimate consumers of the industrial output are the ultimate sufferers. The news report, dated 18.12.2020, titled “*Drew PM attention to 55% hike in steel prices: Nitin Gadkari*”, reported in Times of India, inter alia, as follows:

> *“Union minister Nitin Gadkari on Thursday said he had drawn Prime Minister Narendra Modi’s attention towards 55% hike in steel prices during the past six months, which has affected viability of projects.”*

GG. Because as the mining companies have been exporting iron ore pellets in contravention of the Foreign Trade Policy and have been evading the mandatory export duty, thus, they are liable to penalties of five times the value of iron ore pellets exported by them under Section 11 of the FT(D&R) Act, 1992and are also liable to punishment under Section 135(1) of the Customs Act, 1962 as well as liable to any other penalty that may be lawfully imposed.Also, a thorough and independent investigation needs to be initiatedinto the role of public officials in allowing such export.

PRAYER

In view of the facts & circumstances stated above, it is most respectfully prayed that this Hon'ble Court may in public interest be pleased to:

a) Issue an appropriate writ, order or direction to the Union of India to completely ban export of iron ore (whether in the form of pellets or otherwise) or in the alternative to levy an export duty of 30% on export of iron ore in all forms including pellets (except pellets manufactured and exported by KIOCL);

b) Issue an appropriate writ, order or direction to the Union of India to initiate proceedings under Section 11 of the Foreign Trade (Development & Regulation) Act, 1992 and Section 135(1) of the Customs Act, 1962, and for levy of appropriate penalty as per law against the companies which have been exporting iron ore pellets in contravention of the provisions of India's export laws/policies, thereby, evading the export duty chargeable on export of iron ore pellets, and also direct a thorough and independent investigation into the role of public officials in allowing the same;

c) Pass other or further orders as may be deemed fit and proper in the facts and circumstances of the case.

AND FOR THIS ACT OF KINDNESS THE PETITIONER AS IN DUTY BOUND SHALL EVER PRAY.

PETITIONER

THROUGH:

Prashant Bhushan

(**PRASHANT BHUSHAN)**
(COUNSEL FOR THE PETITIONER)

IN THE SUPREME COURT OF INDIA

(CIVIL ORIGINAL JURISDICTION)

WRIT PETITION (CIVIL) NO. ______ OF 2021

(PUBLIC INTEREST LITIGATION)

IN THE MATTER OF:

COMMON CAUSE ...PETITIONER

VERSUS

UNION OF INDIA & ORS. ...RESPONDENTS

AFFIDAVIT

I, Vipul Mudgal, S/o Shri Jai Kumar Mudgal, the Director of the Petitioner Society, having its office at 5, Institutional Area, Nelson Mandela Road, Vasant Kunj, New Delhi-110070, do hereby solemnly affirm and state on oath as under:

1. That I am the Director of the Petitioner Society in the aforementioned writ petition and being familiar with the facts and circumstances of the case, I am competent and authorized to swear this Affidavit.

2. That I have read and understood the contents of the Synopsis and List of Dates (Page B to P), Writ Petition (Page 1 to 66), and all other accompanying applications. I state that the facts therein are true to the best of my knowledge, based on documentary evidence, and nothing material has been concealed therefrom. The annexures of the writ petition are true copies of their respective originals.

NOTARY
OMBIR SANGWAN
AREA-NCT DELHI
REGD. NO. 10665
EXP.DT.-26/06/2024
GOVT. OF INDIA

3. The source of the information is official documents, court records, and information available in the public domain, and information received from reliable sources.

4. That this petition is only motivated by public interest. I affirm that I have no personal interest in this matter.

5. That I have done whatsoever enquiry that was possible and I state that no relevant facts in my knowledge have been withheld.

DEPONENT
VIPUL MUDGAL
Director, COMMON CAUSE
5, Institutional Area
Nelson Mandela Road, Vasant Kunj
New Delhi-110070

VERIFICATION:

I, the above named Deponent, do hereby verify that the contents of the above Affidavit are true and correct to my knowledge; that no part of it is false and that nothing material has been concealed therefrom. Verified at New Delhi on this 13th day of April, 2021.

DEPONENT
VIPUL MUDGAL
Director, COMMON CAUSE
5, Institutional Area
Nelson Mandela Road, Vasant Kunj
New Delhi-110070

ATTESTED
NOTARY PUBLIC
DELHI (INDIA)
Ch. No.-5, Patiala House Court, N.D.-1
Reg. Entry No. 497/21

NOTARY
OMBIR SANGWAN
AREA-NCT DELHI
REGD. NO. 10665
EXP.DT.-26/06/2024
GOVT. OF INDIA
NOTARIAL

13 APR 2021

Foreign Trade Policy

27th August 2009 – 31st March 2014

w.e.f. 05.06.2012

Government of India
Ministry of Commerce and Industry
Department of Commerce

Website: http://dgft.gov.in

सत्यमेव जयते

मंत्री
वाणिज्य एवं उद्योग
भारत

MINISTER
COMMERCE & INDUSTRY
INDIA

FOREWORD

The Foreign Trade Policy provides the overarching framework for catalyzing India's exports. The Foreign Trade Policy for the period 2009-14 was announced on 27th August 2009, in a difficult economic backdrop as the world was emerging from the shadows of a grim recessionary period. A multi-pronged strategy was adopted to arrest the fall and reverse the trend of declining exports. In the last three years, we have maintained a stable policy environment and have consciously adopted a market diversification plan reaching out to non-traditional destinations focusing on emerging markets in Africa, Latin America and Asia. We have remained conscious of the fact that exports is not just an end in itself but means of providing gainful employment to millions of people in the country. Therefore, employment intensive sectors have received our special attention. We have been administering the fiscal incentives under different schemes like Focus Market Scheme, Focus Product Scheme, Market Linked Focus Product Scheme to provide support to identified priority sectors.

We have also recognized the need of promoting domestic value addition and promoting value added exports from India and the zero duty EPCG Scheme has been a key instrumentality for achieving this objective.

We have significantly stepped up our external economic engagement with the world and in the last three years have signed a Free Trade Agreement with ASEAN, Comprehensive Economic Partnership Agreement with Republic of Korea, Japan, Malaysia and are now negotiating some Agreements with New Zealand, Australia, Canada and EU. We expect that as a result of these agreements, Indian exports will be able to gain significant market access in newer territories.

It was brought to our attention that Indian exporters face significant challenges on account of high transaction cost as compared to other countries. A Task Force on reduction of transaction cost gave its recommendations which will result in a benefit of Rs.3000 crores to the industry. Significant measures have been taken for procedural simplifications and reduction of human interface.

We can derive satisfaction from the fact that Indian exports which had declined to US$ 178 billion in 2009-10 reached US$ 303 billion in the last financial year. We are well on course to achieve the target which we set for ourselves to touch the US$ 500 billion mark by 2014 and of doubling India's share in world trade by 2020. At the same time, we remain conscious of the fact that trade deficit as a percent of GDP has grown with time in the wake of increasing high international commodity prices specially petroleum prices. We expect that the measures being announced in this year's Annual Supplement will have a catalytic impact for boosting India's exports.

Anand Sharma

TO BE PUBLISHED IN THE GAZETTE OF INDIA EXTRAORDINARY PART-II, SECTION-3, SUB SECTION (ii)

GOVERNMENT OF INDIA
MINISTRY OF COMMERCE AND INDUSTRY
DEPARTMENT OF COMMERCE

NOTIFICATION No. 1 (RE-2012)/ 2009-2014
NEW DELHI, DATED THE 5th June, 2012

In exercise of powers conferred by Section 5 of the Foreign Trade (Development & Regulation) Act,1992 (No.22 of 1992) read with paragraph 1.2 of the Foreign Trade Policy, 2009-2014, the Central Government hereby notifies the Foreign Trade Policy, 2009-2014 as updated upto 5th June 2012 and incorporating the Annual Supplement. This shall come into force w.e.f. 5th June, 2012.

Effect of Notification: The revised edition of the FTP incorporating the changes made upto 5th June, 2012 will become operational.

(Anup K. Pujari)
Director General of Foreign Trade and
Additional Secretary to the Government of India

(Issued from F. No. 01/ 94 / 180 / 74 - Foreign Trade Policy / AM13 / PC-4)

CONTENTS

CHAPTER 1A

LEGAL FRAMEWORK

1.1 The Foreword spells out the broad framework.

Foreword

1.2 Duration

(a) The Foreign Trade Policy (FTP) 2009-2014, incorporating provisions relating to export and import of goods and services, shall come into force with effect from 27th August, 2009 and shall remain in force upto 31st March, 2014 unless otherwise specified. All exports and imports upto 26th August 2009 shall be accordingly governed by the FTP 2004-2009.

(b) The Foreign Trade Policy, 2009-2014, incorporating the Annual Supplement as updated on 5th June, 2012 shall come into force with effect from 5th June, 2012, unless otherwise specified.

1.3 Amendment

Central Government reserves right in public interest to make any amendments by notification to this Policy in exercise of powers conferred by Section 5 of FT(D&R) Act.

1.4 Transitional Arrangements

Authorisation issued before commencement of FTP shall continue to be valid for the purpose and duration for which such Authorisation was issued, unless otherwise stipulated.

1.5

(a) In case an export or import that is permitted freely under FTP is subsequently subjected to any restriction or regulation, such export or import will ordinarily be permitted notwithstanding such restriction or regulation, unless otherwise stipulated, provided that shipment of export or import is made within original validity with respect to available balance and time period of an irrevocable commercial letter of credit, established before the date of imposition of such restriction.

(b) However for operationalizing such irrevocable commercial letter of credit, the applicant shall have to register the Letter of Credit and contract with the concerned RA within 15 days of the issue of any such restriction or regulation.

CHAPTER 2

GENERAL PROVISIONS REGARDING IMPORTS AND EXPORTS

2.1

Exports and Imports – 'Free', unless regulated

(a) Exports and Imports shall be 'Free', except when regulated. Such regulation would be as per FTP and/or ITC (HS).

(b) ITC (HS) contains the item wise export and import policy regimes. The ITC (HS) is aligned with international Harmonized System goods nomenclature maintained by World Customs Organization (http://www.wcoomd.org).

(c) Schedule 1 of ITC (HS) gives the Import Policy Regime and Schedule 2 of ITC (HS) gives the Export Policy Regime.

(d) Except where it is clearly specified in Schedule 1 of ITC (HS), Import Policy is for new goods and not for Second Hand goods. For Second Hand goods, the Import Policy Regime is given in Para 2.17 on this FTP.

2.1.1

Prohibition on Import and Export of 'Arms and related material' from / to Iraq

Despite the policy for 'Arms and related material' as is given in Chapter 93 of ITC (HS), the import / export of arms and related material from / to Iraq shall be 'Prohibited'.

2.1.2

Prohibition on Direct or Indirect Import and Export from

Direct or indirect export and import of following items, whether or not originating in Democratic People's Republic of Korea (DPRK), to / from, DPRK is 'Prohibited':

All items, materials equipment, goods and technology including as set out in lists in documents S/2006/814,

2.10

Penalty

If an Authorisation holder violates any condition of such Authorisation or fails to fulfil export obligation, he shall be liable for action in accordance with FT (D&R) Act, the Rules and Orders made there under, FTP and any other law for time being in force.

2.11

State Trading

Any goods, import or export of which is governed through exclusive or special privileges granted to State Trading Enterprises (STE(s)), may be imported or exported by STE(s) as per conditions specified in ITC (HS). DGFT may, however, grant an Authorisation to any other person to import or export any of these goods. Such STE(s) shall make any such purchases or sales involving imports or exports solely in accordance with commercial considerations, including price, quality, availability, marketability, transportation and other conditions of purchase or sale in a non discriminatory manner and shall afford enterprises of other countries adequate opportunity, in accordance with customary business practices, to compete for participation in such purchases or sales.

2.12

Importer-Exporter Code (IEC) Number

(a) No export or import shall be made by any person without an IEC number unless specifically exempted. An IEC number shall be granted on application by competent authority in accordance with procedure specified in HBP v1.

(b) Exempt Categories and Permanent IEC numbers are given in Para 2.8 of HBP v1.

2.13
Trade with Neighbouring Countries

DGFT may issue instructions or frame schemes as may be required to promote trade and strengthen economic ties with neighbouring countries.

2.14

Transit Facility

Transit of goods through India from / or to countries adjacent to India shall be regulated in accordance with bilateral treaties between India and those countries and will be subject to such restrictions as may be specified by DGFT in accordance with International Conventions.

2.27

Execution of BG /LUT

(a) Wherever any duty free import is allowed or where otherwise specifically stated, importer shall execute prescribed LUT/BG/Bond with Customs Authority before clearance of goods.

(b) In case of indigenous sourcing, Authorisation holder shall furnish LUT/BG/Bond to RA concerned before sourcing material from indigenous supplier/nominated agency as prescribed in Chapter 2 of HBP v1.

2.28

Private/Public Bonded Warehouses for Imports

(a) Private / Public bonded warehouses may be set up in DTA as per terms and conditions of notification issued by DoR. Any person may import goods except prohibited items, arms and ammunition, hazardous waste and chemicals and warehouse them in such bonded warehouses.

(b) Such goods may be cleared for home consumption in accordance with provisions of FTP and against Authorisation, wherever required. Customs duty as applicable shall be paid at the time of clearance of such goods.

(c) If such goods are not cleared for home consumption within a period of one year or such extended period as the custom authorities may permit, importer of such goods shall re-export the goods.

2.29

Free Exports

All goods may be exported without any restriction except to the extent that such exports are regulated by ITC (HS) or any other provision of FTP or any other law for the time being in force. DGFT may, however, specify through a public notice such terms and conditions according to which any goods, not included in ITC (HS), may be exported without an Authorisation.

2.30

Export of Samples

Export of Samples and Free of charge goods shall be governed by provisions given in Chapter 2 of HBP v1.

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Chapter 26

Ores, Slag and Ash

Note

1. Rare Earth compounds are freely exportable, but rare earth phosphates, which contain uranium and thorium are prescribed substances and are controlled as per provisions of Atomic Energy Act, 1962 .

2. Other minerals under code 2617 are freely exportable, except those which have been notified as prescribed substances and controlled under Atomic Energy Act, 1962.

S.No.	Tariff Item HS Code	Unit	Item Description	Export Policy	Nature of Restriction
99	2601 11 00	Kg	Iron ore other than those specified under Free category	STE	Export through MMTC Limited
100	2601 11 00	Kg	Iron ore of Goa origin when exported to China, Europe, Japan, South Korea and Taiwan, irrespective of the Fe content;	Free	
101	2601 11 00	Kg	Iron ore of Redi origin to all markets, irrespective of the Fe content;	Free	
102	2601 11 00	Kg	All iron ore of Fe content upto 64%	Free	
103	2601 11 50	Kg	Iron ore concentrate prepared by benefication and/or concentration of low grade ore containing 40 percent or less of iron produced by Kudremukh Iron Ore Company Limited	STE	Kudremukh Iron Ore Company Limited, Bangalore
104	2601 12 10	Kg	Iron ore pellets manufactured by Kudremukh Iron Ore Company Limited.	STE	Kudremukh Iron Ore Company Limited, Bangalore
105	2601 12 90	Kg	Rejects of iron ore chips and like generated from the manufacturing process after using imported raw material	Free	The quantity of export of such rejects shall not be more than 10% of the imported raw materials i.e. pellets The size of the rejected pellets chips (fines) shall be less than 6 mm
106	2602 00 00	Kg	Manganese Ores excluding the following: Lumpy / blended Manganese ore with more than 46 percent	STE	Export through (a) MMTC Limited (b) Manganese Ore India Limited (MOIL)

P.B.
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(To be Published in the Gazette of India Extraordinary Part-II, Section - 3, Sub-Section (ii))

Government of India
Ministry of Commerce & Industry
Department of Commerce
Udyog Bhawan

Notification No 92(RE – 2013)/2009-2014
New Delhi, Dated : 26 September, 2014

Subject: Amendment in export policy of iron ore pellets manufactured by KIOCL.

S.O.(E) In exercise of the powers conferred by Section 5 of the Foreign Trade (Development & Regulation) Act, 1992 (No.22 of 1992) read with Para 1.3 of the Foreign Trade Policy, 2009-2014, the Central Government, with immediate effect, hereby makes the following amendments in Sl. No. 104 of Chapter 26 of Schedule 2 of ITC(HS) Classification of Export and Import Items.

2. **Existing entry**

S.No.	Tariff Item HS Code	Unit	Item Description	Export Policy	Nature of Restriction
104	26011210	Kg	Iron ore pellets manufactured by Kudremukh Iron Ore Company Limited	STE	Kudremukh Iron Ore Company Limited, Bangalore

Amended entry:

S.No.	Tariff Item HS Code	Unit	Item Description	Export Policy	Nature of Restriction
104	26011210	Kg	Iron ore pellets manufactured by KIOCL Limited	Free	Export by KIOCL Limited, Bangalore or any entity authorized by KIOCL Limited, Bangalore

3. Effect of this notification:

KIOCL Limited (formerly known as Kudremukh Iron Ore Company Limited) has been permitted to export its own manufactured iron ore pellets either by itself or through any entity authorized by them for the purpose.

(Pravir Kumar)
Director General of Foreign Trade
E-mail: dgft[at]nic[dot]in

(Issued from F.No.01/91/180/1198/AM 12/Export Cell)

P.B.
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CHAPTER 1

LEGAL FRAMEWORK AND TRADE FACILITATION

A. LEGALFRAMEWORK

1.00 Legal Basis of Foreign Trade Policy(FTP)

The Foreign Trade Policy, 2015-20, (as updated) w.e.f. 05.12.2017is notified by Central Government, in exercise of powers conferred under Section 5 of the Foreign Trade (Development & Regulation) Act, 1992 (No. 22 of 1992) [FT (D&R) Act], as amended.

1.01 Duration of FTP

The Foreign Trade Policy (FTP), 2015-2020,(as updated) w.e.f. 05.12.2017 incorporating provisions relating to export and import of goods and services, shall come into force with effect from the date of notification and shall remain in force up to 31st March, 2020, unless otherwise specified. All exports and imports made up to the date of notification shall, accordingly, be governed by the relevant FTP, unless otherwise specified.

1.02 Amendment to FTP

Central Government, in exercise of powers conferred by Section 5 of FT (D&R) Act, 1992, as amended from time to time, reserves the right to make any amendment to the FTP, by means of notification, in public interest.

1.03 Hand Book of Procedures (HBP) and Appendices & Aayat Niryat Forms (AANF)

Director General of Foreign Trade (DGFT) may, by means of a Public Notice, notify Hand Book of Procedures, including Appendices and Aayat Niryat Forms or amendment thereto, if any, laying down the procedure to be followed by an exporter or importer or by any Licensing/Regional Authority or by any other authority for purposes of implementing provisions of FT (D&R) Act, the Rules and the Orders made there under and provisions of FTP.

1.04 Specific provision to prevail over the general

Where a specific provision is spelt out in the FTP/Hand Book of Procedures (HBP), the same shall prevail over the general provision.

CHAPTER 2

GENERAL PROVISIONS REGARDING IMPORTS AND EXPORTS

2.00 Objective

The general provisions governing import and export of goods and services are dealt with in this chapter.

2.01 Exports and Imports – 'Free', unless regulated

(a) Exports and Imports shall be 'Free' except when regulated by way of 'prohibition', 'restriction' or 'exclusive trading through State Trading Enterprises (STEs)' as laid down in Indian Trade Classification (Harmonized System) [ITC (HS)] of Exports and Imports. The list of 'Prohibited', 'Restricted', and STE items can be viewed by clicking on 'Downloads' at http://dgft.gov.in

(b) Further, there are some items which are 'free' for import/export, but subject to conditions stipulated in other Acts or in law for the time being in force.

2.02 Indian Trade Classification (Harmonised System) [ITC (HS)] of Exports and Imports.

(a) ITC (HS) is a compilation of codes for all merchandise / goods for export/ import. Goods are classified based on their group or sub-group at 2/4/6/8 digits.

(b) ITC (HS) is aligned at 6 digit level with international Harmonized System goods nomenclature maintained by World Customs Organization (http://www.wcoomd.org). However, India maintains national Harmonized System of goods at 8 digit level which may be viewed by clicking on 'Downloads' at http://dgft.gov.in

(c) The import/export policies for all goods are indicated against each item in ITC (HS).Schedule 1 of ITC (HS) lays down the Import Policy regime while Schedule 2 of ITC (HS) details the Export Policy regime.

(d) Except where it is clearly specified, Schedule 1 of ITC (HS), Import Policy is for new goods and not for the Second Hand goods. For Second Hand goods, the Import Policy regime is given in Para 2.31 in this FTP.

2.03 Compliance of Imports with Domestic Laws

(a) Domestic Laws/ Rules/ Orders/ Regulations/ technical specifications/ environmental/safety and health norms applicable to domestically produced goods shall apply, mutatis mutandis, to imports, unless specifically exempted.

(b) However, Goods to be utilized/ consumed in manufacture of export products, as notified by DGFT, may be exempted from domestic standards/ quality specifications.

2.04 Authority to specify Procedures

DGFT may, specify Procedures to be followed by an exporter or importer or by any licensing/Regional Authority (RA) or by any other authority for purposes of implementing provisions of FT (D&R) Act, the Rules and the Orders made there under and FTP. Such procedures, or amendments if any, shall be published by means of a Public Notice.

(b) All the UN Security Council Resolutions/Documents and IAEA Documents referred to above are available on the UN Security Council website (www.un.org/Docs/sc) and IAEA website (www.iaea.org).

2.19 Prohibition on Import of Charcoal from Somalia

Direct or indirect import of charcoal is prohibited from Somalia, irrespective of whether or not such charcoal has originated in Somalia [United Nations Security Council Resolution 2036 (2012)]. Importers of Charcoal shall submit a declaration to Customs that the consignment has not originated in Somalia.

Import / Export through State Trading Enterprises:

2.20 State Trading Enterprises (STEs)

(a) State Trading Enterprises (STEs) are governmental and non-governmental enterprises, including marketing boards, which deal with goods for export and/or import. Any good, import or export of which is governed through exclusive or special privilege granted to State Trading Enterprise (STE), may be imported or exported by the concerned STE as per conditions specified in ITC (HS). The list of STEs notified by DGFT is in Appendix-2J.

(b) Such STE(s) shall make any such purchases or sales involving imports or exports solely in accordance with commercial considerations, including price, quality, availability, marketability, transportation and other conditions of purchase or sale in a non discriminatory manner and shall afford enterprises of other countries adequate opportunity, in accordance with customary business practices, to compete for participation in such purchases or sales.

(c) DGFT may, however, grant an authorisation to any other person to import or export any of the goods notified for exclusive trading through STEs.

Trade with Specific Countries:

2.21 Trade with Neighbouring Countries

DGFT may issue instructions or frame schemes as may be required to promote trade and strengthen economic ties with neighboring countries.

2.22 Transit Facility

Transit of goods through India from/ or to countries adjacent to India shall be regulated in accordance with bilateral treaties between India and those countries and will be subject to such restrictions as may be specified by DGFT in accordance with International Conventions.

2.23 Trade with Russia under Debt-Repayment Agreement

In case of trade with Russia under Debt Repayment Agreement, DGFT may issue instructions or frame schemes as may be required, and anything contained in FTP, in so far as it is inconsistent with such instructions or schemes, shall not apply.

Import of Specific Categories of Goods:

2.24 Import of Samples

Import of samples shall be governed by Para 2.65 of Handbook of Procedures.

(c) The clearance of the warehoused goods shall be as per the provisions of the Customs Act, 1962.

2.37 Special provision for Hides Skins and semi-finished goods

Hides, Skins and semi-finished leather may be imported in the Public/ Private Bonded warehouse for the purpose of DTA sale and the unsold items thereof can be re-exported from such bonded warehouses on payment of the applicable rate of export duty.

2.38 Sale on High Seas

Sale of goods on high seas for import into India may be made subject to FTP or any other law in force.

Exports:

2.39 Free Exports

All goods may be exported without any restriction except to the extent that such exports are regulated by ITC (HS) or any other provision of FTP or any other law for the time being in force. DGFT may, however, specify through a public notice such terms and conditions according to which any goods, not included in ITC (HS), may be exported without an Authorisation.

2.40 Deleted

ITC (HS), 2018
SCHEDULE 2 – EXPORT POLICY

Explanatory Note for Row and Column Description of Schedule -2 Export Policy

This Schedule is organized as under:

1. The titles of Chapters, Sub-chapters, Note and Chapter Licensing Note are provided for ease of reference only.

2. In an eight digit EXIM Code, the first two digits represent the Chapter, followed by two digits for the Heading, two digits for Sub-heading and another two digit developed in India under the common classification system for the Item.

3. In this Schedule, the meanings of Heading, Sub-heading and Items are as under:

   a. "Heading", in respect of goods, means a description in list of this Schedule accompanied by a four –digit number and includes all sub-headings of items the first four digits of which correspond to that number;

   b. "Sub-heading", in respect of goods, means a description in the list of this Schedule accompanied by a six-digit number and includes all items the first six-digits of which correspond to that number;

   c. "Item Description" means a description of goods in the list of this Schedule accompanying eight digit EXIM Code as given in the Column 4.

4. Each Chapter contains number of rows and each row is divided into six columns.

5. The column name and their descriptions are given in the table below:

Column No.	Column Name	Column Description
1.	Entry No.	Gives the order of the main entry in the Schedule 1. The column is designed for easy reference and gives the identity of the raw covering the set consisting of Tariff Item Code, Unit Item description Export Policy and Policy Conditions along with the connected Licensing Note and Appendix.

<table>
<tr><td>2.</td><td>Tariff Item (HS) Code</td><td colspan="2">This is an eight digit code followed in the Schedule 1 - Import Policy, Customs and the DGCIS code. The first two digits give the Chapter, next two digit give the heading and the subsequent two digit for Sub-heading. The last two digits developed in India under the common classification system for the Item.

The first six digit code and product description corresponds exactly with the six digit WCO (World Customs Organisation) website.

The ITC(HS) code numbers in Schedule 2 (Export Policy) are illustrative of classification but does not limit the description by virtue of the standard description of the item against the code in the Import Schedule of the ITC(HS) Classification.</td></tr>
<tr><td>3.</td><td>Unit</td><td colspan="2">The second column gives the unit of measurement or weight in the tariff item, which is to be used in shipping bill and other documents. In most cases, the unit is given as “u” denoting number of pieces.</td></tr>
<tr><td>4.</td><td>Item Description</td><td colspan="2">The item description against each code gives the specific description of goods, which are subject to export control. This description does not generally correspond with the standard description against the code. In most cases, the description will cover only a part of standard description.</td></tr>
<tr><td rowspan="5">5.</td><td rowspan="5">Export Policy</td><td colspan="2">This column is for the general policy regime applicable on the item.
Generally, the Export Policy is one of the following.</td></tr>
<tr><td>Prohibited</td><td>Not permitted to be exported. Export Licence will not be given in the normal course</td></tr>
<tr><td>Restricted</td><td>Export is permitted under a licence granted by the DGFT</td></tr>
<tr><td>STE*</td><td>Export allowed only through specified State Trading Enterprises (STEs) subject to specific conditions laid out in Para 2.20 of the FTP 2015-20</td></tr>
<tr><td>Free</td><td>Export is permitted without a licence from DGFT. However, certain procedural conditions can be notified by DGFT time to time through Public Notice. The free exportability is, however, subject to any other law for the time being in force.</td></tr>
</table>

6.	Policy Conditions	This column specifies the special conditions, which must be met for the export of goods in the item description column. The column may also give the nature of restriction under the broad category in the Export Policy column. The intention of incorporating this column is solely and exclusively to make the Export Schedule self contained and user friendly. However, this does not imply that there may be no other conditions applicable on export.

***STE :** State Trading Enterprises (STEs), for the purpose of this FTP, are those entities which are granted exclusive right/privileges export and /or import as per Para 2.20 (a) of FTP. [Para 9.59 of FTP 2015-2020]

P.B.
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ANNEXURE: P6

General Notes
to
Export Policy

Schedule 2 contains the following:

- **General Notes to Export Policy** : **Goods under Restrictions**
- **Schedule 2** : **Export Policy**
- **Appendix 1** : **List of Wild Life Entries in Wild Life (Protection) Act, 1972**
- **Appendix 2** : **List of flora included in Appendix I (Prohibited Species) & Appendix II (endangered species) of CITES**
- **Appendix 3** : **List of SCOMET items**
- **Appendix 4** : **Definition of Finished Leather**

General Notes to Export Policy – Goods under Restrictions

1. Free Exportability

All goods other than the entries in the export licensing schedule along with its appendices are freely exportable. The free exportability is, however, subject to any other law for the time being in force. Goods not listed in the Schedule are deemed to be freely exportable without conditions under the Foreign Trade (Development and Regulations) Act, 1992 and the rules, notifications and other public notices and circulars issued there under from time to time. The export licensing policy in the schedule and its appendices does not preclude control by way of a Public Notice / Notification under the Foreign Trade (Development and Regulations) Act, 1992.

2. Code does not limit the item description

The export policy of a specific item will be determined mainly by the description and Policy Conditions in the schedule. The code number is illustrative of classification but does not limit the description by virtue of the standard description of the item against the code in the import part of the ITC(HS) classification.

Exports shall be 'Free', unless regulated

(a) Exports shall be 'Free' except when regulated by way of 'prohibition', 'restriction' or 'exclusive trading through State Trading Enterprises (STEs)' as laid down in Indian Trade Classification (Harmonised System) [ITC (HS)] of Exports and Imports. The list of 'Prohibited', 'Restricted' and 'STE' items can be viewed by clicking on 'Downloads' at http://dgft.gov.in.

(b) Further, there are some items which are 'free' for import/export, but subject to conditions stipulated in other Acts or in law for the time being in force.

3. Classes of Export Trade Control

A. Free Goods

Goods listed as "Free" in the Export Licensing Schedule may also be exported without an export licence as such but they are subject to conditions laid out against the respective entry. The fulfillment of these conditions can be checked by authorized officers in the course of export.

B. Restricted Goods

The restricted items can be permitted for export under licence. The procedures / conditionalities wherever specified against the restricted items may be required to be complied with, in addition to the general requirement of licence in all cases of restricted items.

C. Prohibited Goods

The prohibited items are not permitted to be exported. An export licence will not be given in the normal course for goods in the prohibited category. No export of rough diamond shall be permitted unless accompanied by Kimberley Process (KP) Certificate as specified by Gem & Jewellery EPC (GJEPC).

D. State Trading Enterprises

Export through STE(s) is permitted without an Export Licence through designated STEs only as mentioned against an item and is subject to conditions in para 2.20 of Foreign Trade Policy 2015-20.

E. Special Chemicals, Organisms, Materials, Equipments & Technologies (SCOMET)

SCOMET Items shall be governed by the specific provisions of (i) Chapter IV A of the FT(D&R) Act, 1992 as amended from time to time (ii) Sl. No. 4 & 5 of Table A and Appendix-3 of Schedule 2 of ITC(HS) Classification of Export & Import Items (iii) Para 2.16, Para 2.17, Para 2.18 of FTP and (iv) Para 2.73- 2.82 of Hand Book of Procedures, in addition to the other provisions of FTP and Handbook of Procedures governing export authorizations.

F. Restrictions on Countries of Export

Prohibitions (Country, Organisations, Groups, Individuals etc. and Product Specific) will be regulated as per provisions contained in Chapter 2 of Foreign Trade Policy 2015-2020, as amended from time to time.

G. Exemptions granted for export to Bhutan

Export of (i) Milk powder ; (ii) Wheat; (iii) Edible oil; (iv) Pulses; and (v) Non-basmati rice to Bhutan will be exempted from any ban and without any quantitative restrictions. **[Notification No. 81(RE-2013)/2009-2014 dated 13.06.2014].**

Export of 1600 MTs of Milk Powder per annum to Bhutan (as per Calendar year i.e. 1st January to 31st December) will be expempted from any export ban.

H. Special condition for export of processed and/or value added agricultural products

Export of following processed and/or value added agricultural products will be exempted from any restriction / ban even in the event of restriction / ban on the export of basic farm produce :

Sl. No.	Name of Product	Tariff Item HS Code
1	Wheat or Meslin flour	1101
2	Cereal flours other than of wheat or meslin (Maize,Oats etc.)	1102
3	Cereal groats, meal pellets	1103
4	Cereal grains otherwise worked except rice of heading no. 1006; germ of cereals, whole,	1104

	rolled , flaked or ground	
5	Other Cereals items	1901 to 1905
6	Milk products including casein and casein products etc.	3501
7	Butter and other fats derived from milk, dairy spread etc.	0405
8	Cheese and Curd	0406
9	Value added products of onion	0712
10	Peanut Butter	15179020

[Notification No. 31(RE-2012)/2009-2014 dated 04.02.2013]

I. Exemption granted to organic food items from any ban and quantitiqative restrictions w.e.f. 19.04.2017

Exemption from the application of quantitative ceiling and export bans on export of organic agricultural products (wheat, non-Basmati rice) and organic processed products (edible oils and sugar).

[Notification No. 03/2015-2020 dated 19.04.2017]

(a) Export of following items from Custom EDI ports have been exempted from all quantitative ceilings and irrespective of any existing or future restriction/ prohibition on export of their basic product (non-organic), subject to due certification by APEDA as being organic under the National Programme for Organic Production (NPOP):

(i) organic wheat
(ii) organic non-Basmati Rice
(excluding rice in husk – paddy or rough)
(iii) organic edible oils
(iv) organic sugar

(b) The quantitative ceiling in respect of export of organic pulses and lentils has been increased from 10,000 MT per annum to 50,000 MT per annum, subject to certification by APEDA as being organic pulses and lentils, subject to following conditions:

(i) Export contracts should be registered with APEDA, New Delhi prior to shipment; and
(ii) Export shall be allowed only from Custom EDI Ports.

J. Exemption granted for export of specified quantities of essential food items to Maldives

Exemption from any existing or future restriction / prohibition on export of the following quantities of potato, onion, rice, wheat flour, sugar (**Notification No. 12 dated 27.06.2017**), pulses and eggs (**Notification No. 20 dated 14.08.2017)** to the Republic of Maldives under bilateral trade agreement between Government of India and Government of Maldives during the period 2017-18 (April to March):

Item	**Quantity (in MT)**
Potato	11714.45
Onion	19466.36
Rice	67640.24
Wheat Flour	59442.17
Sugar	11706.30
Eggs	232805000 numbers
Pulses (dhal)	122.23

P.B.
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ITC (HS), 2018
SCHEDULE 2 – EXPORT POLICY

CHAPTER 26
ORES, SLAG, AND ASH

NOTE:

1. Rare Earth compounds are freely exportable, but rare earth phosphates, which contain uranium and thorium are prescribed substances and are controlled as per provisions of Atomic Energy Act, 1962 .

2. Other minerals under code 2617 are freely exportable, except those which have been notified as prescribed substances and controlled under Atomic Energy Act, 1962.

S.No.	Tariff Item HS Code	Unit	Item Description	Export Policy	Policy Conditions
99	2601 11 00	Kg	Iron ore other than those Specified under Free category	STE	Export through MMTC Limited
100	2601 11 00	Kg	Iron ore of Goa origin when exported to China, Europe, Japan, South Korea and Taiwan, irrespective of the Fe content;	Free	
101	2601 11 00	Kg	Iron ore of Redi origin to all markets, irrespective of the Fe content;	Free	
102	2601 11 00	Kg	All iron ore of Fe content upto 64%	Free	
103	2601 11 50	Kg	Iron ore concentrate prepared by benefication and/or concentration of low grade ore containing 40 percent or less of iron produced by Kudremukh Iron Ore Company Limited	STE	Kudremukh Iron Ore Company Limited, Bangalore

104	2601 12 10	Kg	Iron ore pellets manufactured by Kudremukh Iron Ore Company Limited (KIOCL)	Free	Export by KIOCL Limited, Bangalore or any entity authorised by KIOCL Limited, Bangalore [Notification. No. 92(RE-2013) dated 26.09.2014]
105	2601 12 90	Kg	Rejects of iron ore chips and like generated from the manufacturing process after using imported raw material	Free	The quantity of export of such rejects shall not be more than 10% of the imported raw materials i.e. pellets The size of the rejected pellets chips (fines) shall be less than 6 mm
106	2602 00 00	Kg	Manganese Ores excluding the following: Lumpy / blended Manganese ore with more than 46 percent Manganese	STE	Export through (a) MMTC Limited (b) Manganese Ore India Limited (MOIL)
107	2602 00 10	Kg	Lumpy/blended manganese ore with more than 46% manganese	Restricted	Export permitted under licence
108	2610 00 00	Kg	Chrome ore other than (i) beneficated chrome ore fines / concentrates (maximum feed grade to be less than 42% Cr_2O_3) and (ii) those categories of Chrome ores mentioned as permitted through STEs.	Restricted	Export permitted under licence other than categories at (b) to (d) below
109	2610 00 30 2610 00 40	Kg	Beneficated chrome ore fines / concentrates (maximum feed grade to be less than 42% Cr_2O_3)	STE	Export through MMTC Limited (amended by Notification No 5, dated 09.05.06)

110	2610 00 30	Kg	Chrome ore lumps with Cr_2O_3 not exceeding 40 percent	STE	Export through MMTC Limited
111	2610 00 90	Kg	Low silica friable/fine ore with Cr_2O_3 not exceeding 52 percent and Silica exceeding 4 percent	STE	Export through MMTC Limited
112	2610 00 90	Kg	Low Silica friable/fine Chromite Ore with Cr_2O_3 in the range of 52-54% and silica exceeding 4 %.	STE	Export through MMTC Limited

P.B.
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Notification	New Delhi, the 1st March, 2011
No.27/2011-Customs	

G.S.R. (E).- In exercise of the powers conferred by sub-section (1) of section 25 of the Customs Act, 1962 (52 of 1962) and in supersession of notifications of the Government of India in the Ministry of Finance (Department of Revenue) issued vide notification No.100/89-Customs, dated the 1st March,1989[G.S.R 315 (E), dated the 1st March,1989], No. 135/1994-Customs, dated the 24th June,1994 [G.S.R 528 (E),dated the 24th June,1994], No.133/2000-Customs, the 17th October, 2000 [G.S.R 794 (E),; dated the 17th October,2000], No.66/2008 –Customs, dated the 10th May, 2008 [G.S.R 359 (E), dated the 10th May, 2008], No.79/2008-Customs,dated the 13th June,2008[G.S.R 458 (E) dated the 13th June,2008] and No.146/2009-Customs, dated the 24th December,2009 [G.S.R 925 (E),dated the 24th December,2009], except as respects things done or omitted to be done before such supersession, the Central Government, on being satisfied that it is necessary in the public interest so to do, hereby exempts the goods specified in column (3) of the Table annexed hereto and falling under Chapter or heading or sub-heading or tariff item of the Second Schedule to the Customs Tariff Act, 1975 (51 of 1975), specified in the corresponding entry in column (2) of the said Table, when exported out of India, from so much of the duty of customs leviable thereon under the said Second Schedule as is in excess of the amount calculated at the rate specified in the corresponding entry in column (4) of the said Table:

Table

S. No.	Chapter or heading or sub-heading or tariff item	Description of goods	Rate of Duty
(1)	(2)	(3)	(4)
1.	0901	Coffee	Nil
2.	0902	Tea	Nil
3.	0904 11	Black pepper	Nil
4.	0908 30	Cardamom	Nil
5.	0910 30	Turmeric, in powder form	Nil
6.	0910 30	Turmeric, in any other form	Nil
7.	1006 30 20	Basmati rice	Nil
8.	1202 10	Groundnut in shell	Nil
9.	1202 20	Ground nut kernel	Nil
10.	2305	De-oiled ground nut oil cakes	Nil
11.	2305	De-oiled ground nut meal (solvent extracted variety)	Nil

12.	2306	De-oiled Rice bran oil cake	10%
13.	2309	Animal feed	Nil
14.	2401	Tobacco unmanufactured	Nil
15.	2508 50	Sillimanite	Nil
16.	2508 50	Kyanite	Nil
17.	2511 10	Barytes	Nil
18.	2516	Granite (including black granite) porphyry and basalt, all sorts	Nil
19.	2525, 6814	Mica including fabricated mica	Nil
20.	2526 20 00	Steatite (talc)	Nil
21	2601 11	Iron ore and concentrates (Non -Agglomerated)	20%
22.	2601 12	Iron ore and concentrates, (Agglomerated) other than iron ore pellets	20%
23	2601 12 10	Iron ore pellets	Nil
24.	2602	Manganese ore	Nil
25.	2820 10 00	Manganese dioxide	Nil
26.	41	E.I. tanned leather	15%
27.	41	Snake skin	10%
28.	41	Finished leather of goat, sheep and bovine animals and of their young ones	Nil
29.	41	Clothing leather fur suede/ hair, hair-on suede/ shearing suede leathers (as per ISI norms 8170)	Nil
30.	41	Fur leathers	Nil
31	41	Cuttings and fleshing of hides and skins used as raw materials for manufacturing animal glue gelatin	Nil
32.	41	Luggage leather- case hide or side/suit case/ hand bag luggage/ cash bag leather	25%
33.	41	Industrial leathers, namely:- (i) Cycle saddle leathers (ii) Hydraulic/ packing/ belting/ washer leathers (iii) Industrial harness leather	 15% 15% 25%
34.	41	Picking band leathers	15%
35.	41	Strap/ combing leathers	15%
36.	41	Miscellaneous leathers, namely:- (i) Book binding leathers	 Nil

		(ii) Skiver leathers (iii) Transistor case/ camera case leathers	Nil 25%
37.	41	Fur of domestic animals, excluding lamb fur skin	Nil
38.	41	Shoe upper leathers, namely:- (i) Bunwar leather (ii) Kattai/ slipper/ sandal leather (iii) Chrome tanned sole leather	 Nil Nil Nil
39.	4301	Raw fur lamb skins	10%
40.	5101	Raw wool	Nil
41.	5201	Raw cotton	Nil
42.	5202	Cotton waste, all sorts	Nil
43.	5308	Coir yarn	
44.	Any Chapter	Jute manufacturers (including manufactures of Bimplipatam jute or of mesta fibre) Not elsewhere specified when not in actual use as covering, receptacles or binding for other goods	Nil
45.	5310, 6305	Hessian cloth and bags- (a) Carpet backing (b) Other hessian cloth (including narrow backing cloth) and bags when not in actual use as covering, receptacles or binding for other goods	Nil
46.	5310	Jute canvas, jute webbings, jute tarpaulin cloth and manufactures thereof when not in actual use as covering, receptacles or binding for other goods	Nil
47.	5310	Sacking (cloth, bags, twist, yarn, rope, and twine) when not in actual use as covering, receptacles or binding for other goods	Nil
48.	7201	Pig iron and spiegeleisen in pigs, blocks or other primary forms	Nil
49.	7203	Ferrous products obtained by direct reduction of iron ore and other spongy ferrous products, in lumps, pellets or similar forms; iron having minimum purity by weight of 99.94%. in lumps, pellets or similar forms	Nil
50.	7204	Ferrous waste and scrap, remelting scrap ingots of iron or steel	15%
51.	7205	Granules and powders, of pig iron, spiegeleisen, iron or steel	Nil

52.	7206	Iron and non-alloy steel in ingots or other primary forms	Nil
53.	7207	Semi-finished products of iron or non-alloy steel	Nil
54.	7208	Flat rolled products of iron or non-alloy steel, hot rolled, not clad, plated or coated	Nil
55.	7209	Flat rolled products of iron or non-alloy steel, cold rolled (cold-reduced), not clad, plated or coated	Nil
56.	7210 30,7212 30	Flat rolled products of iron or non-alloy steel, plated or coated with zinc	Nil
57.	7213	Bars and rods, hot-rolled, in irregularly wound coils, of iron or non-alloy steel	Nil
58.	7214	Other bars and rods of iron or non-alloy steel, not further worked than forged, hot-rolled, hot-drawn or hot-extruded, but including those twisted after rolling	Nil
59.	7215	Other bars and rods of iron or non-alloy steel	Nil
60.	7216	Angles, shapes and sections of iron or non-alloy steel	Nil
61.	7217	Wire of iron or non-alloy steel	Nil
62.	7303, 7304, 7305, 7306	Tubes and pipes, of iron or steel	Nil

Explanation.- For the purpose of this notification, "finished leather of goat, sheep and bovine animals and of their young ones" means the leather which complies with the terms and conditions specified in the Public Notice of the Government of India in the Ministry of Commerce No. 3/ITC (PN)/92-97, dated the 27th May, 1992, as amended from time to time issued, under the provisions of the Foreign Trade (Development and Regulation) Act, 1992(22 of 1992).

[F. No. 334/3/2011 –TRU]

(Sanjeev Kumar Singh)
Under Secretary to the Government of India

P.B.
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ANNEURE: P9
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सत्यमेव जयते

Central Board of Indirect Taxes & Customs
Department of Revenue, Ministry of Finance, Government of India

News Flash ral Tax till 30.06.2021 Revised timelimit for filling of BEs comes into effect after the assent of Finance Bill,2021.(for more details, refer CBIC circular 0

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[TO BE PUBLISHED IN THE GAZETTE OF INDIA, EXTRAORDINARY, PART II, SECTION 3, SUB-SECTION (i)]

GOVERNMENT OF INDIA
MINISTRY OF FINANCE
(DEPARTMENT OF REVENUE)

Notification No. 3/2014 - Customs

New Delhi, dated the 27th January, 2014

G.S.R. (E).- In exercise of the powers conferred by sub-section (1) of section 25 of the Customs Act, 1962 (52 of 1962), the Central Government, on being satisfied that it is necessary in the public interest so to do, hereby makes the following further amendments in the notification of the Government of India in the Ministry of Finance (Department of Revenue), No.27/2011-Customs, dated the 1st March, 2011, published in the Gazette of India, Extraordinary, vide number G.S.R.153 (E),dated the 1st March, 2011,namely:-

In the said notification, in the Table, against serial number 23, in column (4), for the entry "Nil", the entry "5%" shall be substituted.

[F.No.354/290/2011-TRU]

(Raj Kumar Digvijay)
Under Secretary to the Government of India

Note.- The principal notification No.27/2011-Customs, dated the 1st March, 2011was published in the Gazette of India, Extraordinary, Part II, Section 3, Sub-section (i) vide number G.S.R. 153(E), dated the 1st March, 2011and was last amended vide notification No-15/2013-Customs dated the 1st March, 2013 published in the Gazette of India, Extraordinary, Part II, Section 3, Sub-section (i) vide number G.S.R.138 (E), dated the 1st March, 2013.

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[TO BE PUBLISHED IN THE GAZETTE OF INDIA, EXTRAORDINARY, PART II, SECTION 3, SUB-SECTION (i)]

GOVERNMENT OF INDIA
MINISTRY OF FINANCE
(DEPARTMENT OF REVENUE)

New Delhi, the 4th January, 2016

Notification
No.1/2016-Customs

G.S. R. (E).—In exercise of the powers conferred by sub-section (1) of section 25 of the Customs Act, 1962 (52 of 1962), the Central Government, being satisfied that it is necessary in the public interest so to do, hereby makes the following further amendments in the notification of the Government of India in the Ministry of Finance (Department of Revenue) No. 27/2011-Customs, dated the 1st March, 2011, published in the Gazette of India, Extraordinary, *vide* number G.S.R. 153(E), dated the 1st March, 2011, namely :-

In the said notification, in the Table, against serial number 23, in column (4), for the entry "5%", the entry "Nil" shall be substituted.

[F.No. 332/4/2015-TRU]

(Anurag Sehgal)
Under Secretary to the Government of India

Note.- The principal notification number 27/2011-Customs, dated the 1st March, 2011 was published in the Gazette of India, Extraordinary, Part II, Section 3, Sub-section (i) *vide* number G.S.R. 153(E), dated the 1st March, 2011 and last amended *vide* notification number 50/2015-Customs, dated the 16th October, 2015, published in the Gazette of India, Extraordinary, Part II, Section 3, Sub-section (i) *vide* number G.S.R. 788(E), dated the 16th October, 2015.

P.B.
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ANNEXURE: P11

* THE SECOND SCHEDULE - EXPORT TARIFF

Notes:

1. In this Schedule, "Chapter", "heading", and "tariff item" mean a Chapter, heading, sub-heading and tariff item respectively of the First Schedule to the Customs Tariff Art.
2. The rules for the interpretation of the First Schedule to the Customs Tariff Act, the Section and Chapter Notes and the General Rules for the interpretation of the First Schedule shall apply to the interpretation of this Schedule.
3. The abbreviation "%" in any column of this Schedule, in relation to the rate of duty, indicates that duty on the goods to which the entry relates shall be charged on the basis of the value of the goods as defined in section 14 of the Customs Act, 1962 (52 of 1962), the duty being equal to such percentage of the value as is indicated in that column.

Sl. No.	Chapter/Heading/ Sub-heading/ Tariff Item	Description of article	Rate of duty
(1)	(2)	(3)	(4)
1.	0901	Coffee	Rs. 2,200 per quintal
2.	0902	Tea	Rs. 5 per kilogram
3.	0904 11	Black pepper	Rs. 5 per kilogram
4.	0908 30	Cardamom	Rs. 50 per kilogram
5.	0910 30	Turmeric, in powder form	Rs. 1,500 per tonne
6.	0910 30	Turmeric, in other than powder form	Rs. 2,000 per tonne
7.	1006 30 20	Basmati rice	Rs. 12,000 per tonne
8.	1202 10	Groundnut in shell	Rs. 1,125 per tonne
9.	1202 20	Groundnut kernel	Rs. 1,500 per tonne
9A.	1701	Raw sugar, white or refined sugar	20%
10.	2305	De-oiled ground nut oil cakes	Rs. 125 per tonne
11.	2305	De-oiled ground nut meal (solvent extracted variety)	Rs. 125 per tonne
12.	2306	De-oiled rice bran oil cake	Rs. 15%
13.	2309	Animal feed	Rs. 125 per tonne
14.	2401	Tobacco unmanufactured	75 paise per kilogram or 20% whichever is lower
15.	2508 50	Sillimanite	20%
16.	2508 50	Kyanite	Rs. 40 per tonne
17.	2511 10	Barytes	Rs. 50 per tonne
18.	2516	Granite (including black granite) porphyry and basalt, all sorts	15%
19.	2525, 6814	Mica including fabricated mica	40%
20.	2526 20 00	Steatite (Talc)	20%
21.	2601 11	Iron ore and concentrates, Non-agglomerated	30%
22.	2601 12	Iron ore and concentrates, Agglomerated	30%
23.	2602	Manganese ore	Rs. 20 per tonne

* Substituted vide Finance Bill, 2011 w.e.f. 01.03.2011

(1)	(2)	(3)	(4)
23A.	2606 00 10	Bauxite (natural), not calcined	30%
23B.	2606 00 20	Bauxite (natural), calcined	30%
23C	2606 00 90	Other aluminium ores and concentrates	30%
24.	2610	Chromium ores and concentrates, all sorts	30%
24A.	2614 00 10	Ilmenite, unprocessed	30%
24B.	2614 00 20	Ilmenite, upgraded (beneficiated ilmenite including ilmenite ground)	30%
25.	2820 10 00	Manganese dioxide	20%
26.	41, 43	Hides, skins and leathers, tanned and untanned, all sorts but not including manufactures of leather	60%
27.	5101	Raw wool	25%
28.	5201	Raw cotton	Rs. 10,000 per tonne
29.	5202	Cotton waste, all sorts	40%
30.	5308	Coir yarn	15%
31.	Any Chapter	Jute manufactures (including manufactures of Bimplipatam jute or of mesta fibre) when not in actual use as covering, receptacles or binding for other goods not elsewhere specified	Rs. 150 per tonne
32.	5310, 6305	Hessian cloth and bags-	
		(i) Carpet backing:	Rs. 700 per tonne
		(ii) Otherhessian cloth (including narrow backing cloth) and bags, when not in actual use as covering, receptacles or binding for other goods	Rs. 1,000 per tonne
33.	5310	Jute canvas, jute webbing, jute tarpaulin cloth and manufactures thereof when not in actual use as covering, receptacles or binding for other goods	Rs. 200 per tonne
34.	5310	Sacking (cloth, bags, twist, yarn, rope and twine) when not in actual use as covering, receptacles or binding for other goods	Rs. 150 per tonne
35.	7201	Pig iron and spiegeleisen in pigs, blocks or other primary	20%
36.	7203	forms Ferrous products obtained by direct reduction of iron ore and other spongy ferrous products, in lumps, pellets or similar forms; iron having minimum purity by weight of 99.94% in lumps. pellets or similar form	20%
37.	7204	Ferrous waste and scrap, remelting scrap ingots of iron or steel	20%
38.	7205	Granules and powders, of pig iron, spiegeleisen, iron or steel	20%
39.	7206	Iron and non-alloy steel in ingots or other primary forms	20%
40.	7207	Semi-finished products of iron or non-alloy steel	20%
41.	7208	Flat rolled products of iron or non-alloy steel, hot rolled, not clad, plated or coated	20%

(1)	(2)	(3)	(4)
42.	7209	Flat rolled products of iron or non-alloy steel, cold rolled (cold-reduced), not clad, plated or coated	20%
*43.	7210, 7212	Flat rolled products of iron or non-alloy steel, plated or coated with zinc	20%
** Substituted (w.e.f. 1.3.2011) by s. 87(a), of the Finance Act, 2013.*			
44.	7213	Bars and rods, hot-rolled, in irregularly wound coils, of iron or non-alloy steel	20%
45.	7214	Other bars and rods of iron or non-alloy steel, not further worked than forged, hot-rolled, hot-drawn or hot-extruded, but including those twisted after rolling	20%
46.	7215	Other bars and rods of iron or non-alloy steel	20%
47.	7216	Angles, shapes and sections of iron or non-alloy steel	20%
48.	7217	Wire of iron or non-alloy steel	20%
49.	7303, 7304	Tubes and pipes, of iron or steel	20%
50.	8545 11 00	Electrodes of a kind used for furnaces	20%

4. In respect of all other goods which are not covered under column (2) of this Schedule, the rate of duty shall be 'Nil'.

EXEMPTIONS

Notfn. 132/00

Export duty leviable on heading No. 14 amended as 60%.

GENERAL: 4-Cus.,8.1.62: The following goods are exempt from the payment of the export duty leviable thereon -

Goods imported but not allowed clearance on the ground of non-fulfilment of the requirements of Import Trade Control Regulations, confiscated by an order under section 182 of the Sea Customs Act, 1878 and allowed to be exported in lieu of confiscation, on payment of fine or otherwise.

GENERAL: 16-Cus., 23.1.65

Goods produced or manufactured in India when exported for display in the showrooms of the Government of India in foreign countries or in the exhibitions or fairs held in foreign countries are exempt from the whole of the duty of customs leviable thereon.

Provided that such goods are not sold or otherwise disposed of abroad:

Provided further that, in the case of goods exported for display in the exhibitions or fairs held in foreign countries, it is certified by a duly authorised officer of the Ministry of Commerce that the Government of India have agreed to participate in such exhibitions or fairs.

GENERAL: 325-Cus., 2.8.76 In exercise of the powers conferred by sub-section (1) of section 25 of the Customs Act, 1962 (52 of 1962), the Central Government, being satisfied that it is necessary in the public interest so to do, hereby exempts -

(i) **Every consignment of samples or gifts of mica, and of skins of reptiles and wild animals,** the value of which does not exceed forty rupees; and

(ii) **All goods** (other than mica and skins of reptiles and wild animals), the value of which does not exceed three hundred rupees:

when exported by post, from the whole of the duty of customs leviable thereon under the Second Schedule to the Customs Tariff Act, 1975 (51 of 1975).

GENERAL: 326-Cus., 2.8.76 In exercise of the powers conferred by sub-section (1) of section 25 of the Customs Act, 1962 (52 of 1962), the Central Government, being satisfied that it is necessary in the public interest so to do, hereby exempts -

Gifts or free samples:

(i) of all goods (other than block mica, skins of reptiles and wild animals); and

(ii) **of block mica and of skins of reptiles and wild animals** the value of which does not exceed fifty rupees.

when exported by air out of India, from the whole of the duty of customs leviable thereon under the Second Schedule to the Customs Tariff Act, 1975 (51 of 1975).

59/2010-Cus., dt. 10.5.10 In exercise of the powers conferred by sub-section (1) of section 25 of the Customs Act, 1962 (52 of 1962), the Central Government, on being satisfied that it is necessary in the public interest so to do, hereby exempts Raw cotton falling under Heading No. 16 of the Second Schedule to the Customs Tariff Act, 1975 (51 of 1975), when exported out of India, from so much of the duty of customs leviable thereon which is specified in the said Second Schedule as is in excess of the amount calculated at the rate of Rs 2500 per tone.

88/2010-Cus., dt, 1.9.10 In exercise of the powers conferred by sub-section (1) of section 25 of the Customs Act, 1962 (52 of 1962), the Central Government, on being satisfied that it is necessary in the public interest so to do, hereby exempts imported raw hides and skins and semi-processed leathers falling under Heading No. 14 of the Second Schedule to the Customs Tariff Act, 1975 (51 of 1975), when exported out of India from a bonded warehouse where it has been kept after importation, from the whole of duty of customs leviable thereon which is specified in the said Second Schedule.

GENERAL: Notifn. No. 27/11-Cus., 1.3.2011 as amended by 117/11, 10/12, 15/13, 3/14, 15/14, 8/15, 30/15, 50/15, 1/16, 15/16, 35/16, 37/16, 41/16, 43/16, 3/17, 23/18, 30/18, 51/18

In exercise of the powers conferred by sub-section (1) of section 25 of the CustomsAct, 1962 (52 of 1962) and in supersession of notifications of the Government of India in theMinistry of Finance (Department of Revenue) issued vide notification No.100/89-Customs, dated the1st March,1989[G.S.R 315 (E), dated the 1st March,1989], No. 135/1994-Customs, dated the 24thJune,1994 [G.S.R 528 (E),dated the 24th June,1994], No.133/2000-Customs, the 17th October, 2000 [G.S.R 794 (E),; dated the 17th October,2000], No.66/2008 – Customs, dated the 10th May, 2008 [G.S.R359 (E), dated the 10th May, 2008], No.79/2008-Customs,dated the 13th June,2008[G.S.R 458 (E)dated the 13th June,2008] and No.146/2009-Customs, dated the 24th December,2009 [G.S.R 925(E),dated the 24th December,2009], except as respects things done or omitted to be done before suchsupersession, the Central Government, on being satisfied that it is necessary in the public interest so todo, hereby exempts the goods specified in column (3) of the Table annexed hereto and falling underChapter or heading or sub-heading or tariff item of the Second Schedule to the Customs Tariff Act,1975 (51 of 1975), specified in the corresponding entry in column (2) of the said Table, when exportedout of India, from so much of the duty of customs leviable thereon under the said Second Schedule asis in excess of the amount calculated at the rate specified in the corresponding entry in column (4) of the said Table:

S.	**Chapter or heading sub-heading or tariff item**	**Description of goods**	**No.Rate of duty**
(1)	**(2)**	**(3)**	**(4)**
1.	0901	Coffee	Nil
2.	0902	Tea	Nil
3.	0904 11	Black pepper	Nil
4.	0908 31, 0908 32	Cardamom	Nil
5.	0910 30	Turmeric, in powder form	Nil
6.	0910 30	Turmeric, in any other form	Nil
7.	1006 30 20	Basmati rice	Nil
8.	1202 30, 1202 41	Groundnut in shell	Nil
9.	1202 42	Ground nut kernel	Nil
9A	Omitted		
10.	2305	De-oiled ground nut oil cakes	Nil
11.	2305	De-oiled ground nut meal	Nil
		(solvent extracted variety)	Nil
12.	2306	De-oiled Rice bran oil cake	Nil
13.	2309	Animal feed	Nil
14.	2401	Tobacco unmanufactured	Nil
15.	2508 50	Sillimanite	Nil
16.	2508 50	Kyanite	Nil
17.	2511 10	Barytes	Nil
18.	2516	Granite (including black granite) porphyry and basalt, all sorts	Nil
19.	2525, 6814	Mica including fabricated mica	Nil
20.	2526 20 00	Steatite (talc)	Nil
20A.	2601 11 21, 2601 11 22 2601 11 41, 2601 11 42	All goods	Nil
20B	2601 11, 2601 12	All goods, of National Mineral Development Corporation (NMDC) origin when exported by MMTC Limited, under the Long Term Agreement (hereinafter referred to as LTA), to Japan and South Korea subject to the condition that the exporter shall produce, prior to clearance of the said goods, before the Assistant Commissioner of Customs or Deputy Commissioner of Customs having jurisdiction, as the case may be, a certificate from the Director concerned of MMTC Limited to the effect that the said	10%

(1)	(2)	(3)	(4)
		goods are of NMDC origin and are meant for export under the LTA to Japan and South Korea. Provided that nothing contained in this entry shall have effect on or after the 31st day of March, 2021.	
21	2601 11	Iron ore and concentrates (Non -Agglomerated)	20%
22.	2601 12	Iron ore and concentrates, (Agglomerated) other than iron ore pellets	20%
23	2601 12 10	Iron ore pellets	Nil
24.	2602	Manganese ore	Nil
24A	2606 00 10	Bauxite (natural), not calcined	15%
24B	260600 20	Bauxite (natural), calcined	15%
24BA	Omitted		
24C	2614 00 10	Ilmenite, unprocessed	10%
24D	2614 00 20	Ilmenite, upgraded (beneficiated ilmenite including ilmenite ground)	2.5%
24E.	2606 00 90	Other aluminium ores including laterite	15%
24F.	2606 00 90	All goods, other than goods mentioned at serial number 24E	Nil
25.	2820 10 00	Manganese dioxide	Nil
26.	41	E.I. tanned leather	15%
27.	41	Snake skin	10%
28.	41	Finished leather of goat, sheep and bovine animals and of their young ones	Nil
29.	41	Clothing leather fur suede/ hair, hair-on suede/ shearing suede leathers (as per ISI norms 8170)	Nil
30	41	Fur leathers	Nil
31.	41	Cuttings and fleshing of hides and skins used as raw materials for manufacturing animal glue gelatin	Nil
32.	41	Luggage leather- case hide or side/suit case/ hand bag luggage/ cash bag leather	25%
33.	41	Industrial leathers, namely:-	
		(i) Cycle saddle leathers	15%
		(ii) Hydraulic/ packing/ belting/ washer leathers	15%
		(iii) Industrial harness leather	25%
34.	41	Picking band leathers	15%
35.	41	Strap/ combing leathers	15%
36.	41	Miscellaneous leathers, namely:-	
		(i) Book binding leathers	Nil
		(ii) Skiver leathers	Nil
		(iii) Transistor case/ camera case leathers	25%
37.	41	Fur of domestic animals, excluding lamb fur skin	Nil
38.	41	Shoe upper leathers, namely:-	
		(i) Bunwar leather	Nil
		(ii) Kattai/ slipper/ sandal leather	Nil

(1)	(2)	(3)	(4)
		(iii) Chrome tanned sole leather	Nil
39.	4301	Raw fur lamb skins	10%
40.	5101	Raw wool	Nil
41.	5201	Raw cotton	Nil
42.	5202	Cotton waste, all sorts	Nil
43.	5308	Coir yarn	Nil
44.	Any Chapter	Jute manufacturers (including manufactures of Bimplipatam jute or of mesta fibre) Not elsewhere specified when not in actual use as covering, receptacles or binding for other goods	Nil
45.	5310, 6305	Hessian cloth and bags- (a) Carpet backing (b) Other hessian cloth (including narrow backing cloth) and bags when not in actual use as covering, receptacles or binding for other goods	Nil
46.	5310	Jute canvas, jute webbings, jute tarpaulin cloth and manufactures thereof when not in actual use as covering, receptacles or binding for other goods	Nil
47.	5310	Sacking (cloth, bags, twist, yarn, rope, and twine) when not in actual use as covering, receptacles or binding for other goods	Nil
48.	7201	Pig iron and spiegeleisen in pigs, blocks or other primary forms	Nil
49.	7203	Ferrous products obtained by direct reduction of iron ore and other spongy ferrous products, in lumps, pellets or similar forms; iron having minimum purity by weight of 99.94%. in lumps, pellets or similar forms	Nil
50.	7204	Ferrous waste and scrap, remelting scrap ingots of iron or steel	15%
51.	7205	Granules and powders, of pig iron, spiegeleisen, iron or steel	Nil
52.	7206	Iron and non-alloy steel in ingots or other primary forms	Nil
53.	7207	Semi-finished products of iron or non-alloy	Nil
54.	7208	steel Flat rolled products of iron or non-alloy steel, hot rolled, not clad, plated or coated	Nil

55.	7209	Flat rolled products of iron or non-alloy steel, cold rolled (cold-reduced), not clad, plated or coated	Nil
56.	*[7210, 7212}	Flat rolled products of iron or non-alloy steel, plated or coated with zinc	Nil

** Substituted (w.e.f. 1.3.2011) by s. 85, read with Second Schedule to the Finance Act, 2013.*

57.	7213	Bars and rods, hot-rolled, in irregularly wound coils, of iron or non-alloy steel	Nil
58.	7214	Other bars and rods of iron or non-alloy steel, not further worked than forged, hot-rolled, hot-drawn or hot-extruded, but including those twisted aft rolling	Nil
59.	7215	Other bars and rods of iron or non-alloy steel	Nil
60.	7216	Angles, shapes and sections of iron or non-alloy steel	Nil
61.	7217	Wire of iron or non-alloy steel	Nil
62.	7303, 7304, 7305, 7306	Tubes and pipes, of iron or steel	Nil
62A.	8545 11 00	Electrodes of a kind used for furnaces	Nil
63	1701	Sugar exported against a valid Advance Authorization issued by the Regional Authority that is to say the Director General of Foreign Trade appointed under section6 of the Foreign Trade (Development and Regulation) Act, 1992 (22 of 1992) or an officer authorized by him to grant an authorization under the said Act subject to the conditions that: (a) Exports are effected in proportion to the import of raw sugar against the said Advance Authorization; (b) Advance Authorization holder has not got the said Authorization invalidated; (c) Advance Authorization holder has not procured raw sugar from the domestic market; (d) At the time of clearance of export consignment at port, the exporter submits a copy of the bill of entry as documentary proof of import of raw sugar under the said Advance Authorization to the jurisdictional proper officer of customs.	Nil
64	1701	Organic sugar upto 10,000 MT in a year beginning with October and ending with September subject to the following conditions: (i) The export of organic sugar is done in terms of the Public Notice No.73 (RE-2013)/2009-2014 dated 18th November, 2014 and No.10/2015-2020 dated 5th May, 2015 of the DGFT; and (ii) The exporter produces a Registration-cum-Allocation Certificate (RCAC) issued by the Agricultural and Processed Food Products Export Development Authority (APEDA) certifying the quantity of export of organic	Nil

		sugar eligible to be exported by claiming exemption from export duty: Provided that for the period ending with 30th September 2016, the exemption shall be restricted to 2500 MT.	
65.	1701	Raw sugar, white or refined sugar	Nil

Explanation.- For the purpose of this notification, "finished leather of goat, sheep and bovine animals and of their young ones" means the leather which complies with the terms and conditions specified in the Public Notice of the Government of India in the Ministry of Commerce No. 21/2009-14, dated the 1st December, 2009, as amended from time to time issued, under the provisions of the Foreign Trade (Development and Regulation) Act, 1992(22 of 1992).

[Notfn. No.116/2008-Cus., dt. 31.10.2008 as amended by 121/08.]

In exercise of the powers conferred by sub-section (1) of section 25 of the Customs Act, 1962 (52 of 1962), the Central Government, on being satisfied that it is necessary in the public interest so to do, hereby exempts iron ore fines falling under Heading No. 11 of the Second Schedule to the Customs Tariff Act, 1975 (51 of 1975), when exported out of India, from so much of the duty of customs leviable thereon which is specified in the said Second Schedule, as is in excess of the amount calculated at the rate of 8% ad valorem.

APPENDIX - I

CESS

CESSES LEVIABLE ON CERTAIN ARTICLES ON EXPORT UNDER VARIOUS ENACTMENTS OF THE GOVERNMENT AND EXEMPTION NOTIFICATIONS THERETO.

CESS ON SPICES

As per Govt. of India, Ministry of Commerce, Notfn. S.O. 1051 (E) dated 8.12.1998 exports of all scheduled **Spices** (Schedule given below), **in any form**, including curry powder, spice oils, oleoresins, and other mixtures where spice content is predominant are subject to Spices Board Cess **@0.5% ad valorem**. This is in addition to cess under the Agriculture Produce Cess Act.

'TABLE'

(S.O. 975(E), dated 6.11.1987 as amended by S.O. 1051(E) dated 8.12.1998)

Sl.No.	Name of Spice	Rate of cess ad valorem
(1)	(2)	(3)
1.	Cardamom	0.5%
2.	Pepper	0.5%
3.	Chilly	0.5%
4.	Ginger	0.5%
5.	Turmeric	0.5%
6.	Coriander	0.5%

Sl.No.	Name of Spice	Rate of cess ad valorem
(1)	(2)	(3)
7.	Cumin	0.5%
8.	Fennel	0.5%
9.	Fenugreek	0.5%
10.	Celery	0.5%
11.	Aniseed	0.5%
12.	Bishopsweed	0.5%
13.	Caraway	0.5%
14.	Dill	0.5%
15.	Cinnamom	0.5%
16.	Cassia	0.5%
17.	Garlic	0.5%
18.	Curry Leaf	0.5%
19.	Kokam	0.5%
20.	Mint	0.5%
21.	Mustard	0.5%
22.	Parsley	0.5%
23.	Pomegranate seed	0.5%
24.	Saffron	0.5%
25.	Vanilla	0.5%
26.	Tejpat	0.5%
27.	Pepper long	0.5%
28.	Star Anise	0.5%
29.	Sweet flag	0.5%
30.	Greater Galanga	0.5%
31.	Horse-raddish	0.5%
32.	Caper	0.5%
33.	Clove	0.5%
34.	Asafoetida	0.5%
35.	Cambodge	0.5%
36.	Hyssop	0.5%
37.	Juniper berry	0.5%
38.	Bay leaf	0.5%
39.	Lovage	0.5%
40.	Marjoram	0.5%
41.	Nugmeg	0.5%
42.	Mace	0.5%
43.	Basil	0.5%
44.	Poppy See	0.5%
45.	All-Spice	0.5%
46.	Rosemery	0.5%
47.	Sage	0.5%
48.	Savory	0.5%
49.	Thyme	0.5%

50.	Oregano	0.5%
51.	Terragon	0.5%
52.	Tamarind	0.5%

EOUs, Units in EPZs and SEZs: Cess on all **scheduled spices** including curry powder, spice oil, oleoresin and other mixtures where spice content is predominant, when exported by the Export Oriented Units and units in the Export Processing Zones and Special Economic Zones, is **zero percent.**

[S.O. 819(E) dated 23.08.2001 of Ministry of Commerce and Industry.]

CESS ON SHELLAC AND LAC BASED PRODUCTS.

The Cess rates as applicable in case of Shellac and Lac based products is **Rs. 2.30 per Quintal** at the time of Exports.

[Shellac Export Promotion Council, Kolkata, Ministry of Commerce]

CESS ON TOBACCO

(1) Tobacco Board Cess under the Tobacco Cess Act, 1975 is @ **0.5% ad valorem** on all Tobacco (unmanufactured tobacco only), which is exported.

(2) Under the Agriculture Produce Cess Act, 1940, Cess is collected as Customs duty @ **0.5% of tariff value** of tobacco exported. The Ministry of Agriculture notifies tariff values.

[Tobacco Board, Guntur, A.P. Ministry of Commerce]

CESS ON MANGANESE ORE

Under the Iron Ore Mines, Manganese Ore Mines and Chrome Ore Mines Labour Welfare Cess Act, 1976 the Central Government has fixed the rate of **rupees four per metric tonne** as the rate at which the **duty of excise** and **duty of customs** on **all manganese ore produced in any mine**, shall be levied and collected as cess.

[Minisrty of Labour Notification G.S.R. 654(E), dated 11.09.2001]

CESS ON CHROME ORE

Under the Iron Ore Mines, Manganese Ore Mines and Chrome Ore Mines Labour Welfare Cess Act, 1976 the Central Government has fixed the rate of **rupees six per metric tonne** as the rate at which the **duty of excise** and **duty of customs** on all **chrome ore produced in any mine**, shall be levied and collected as cess.

[Minisrty of Labour Notification G.S.R. 655(E) dated 11.09.2001]

CESS ON MICA

Cess on export of **Mica products:** **3.5%**
(HS Code 25.25 & 68.14)

[EEPC, Kolkata, Ministry of Commerce]

CESS ON IRON ORE

Under the Iron Ore Mines, Manganese Ore Mines and Chrome Ore Mines Labour Welfare Cess Act, 1976 the Central Government has fixed the rate of **rupees one per metric tonne** as the rate at which the **duty of excise** and **duty of customs** on all **Iron ore produced in any mine**, shall be levied and collected as cess.

[Minisrty of Labour Notification G.S.R. 680 (E) dated 1.08.1990]

NOTE:- The above information regarding levy of cess is as supplied by different Ministries/ Administrative bodies. For the latest information on levy of cess on different commodities, readers are advised to contact the concerned Ministry/ Board/ Export Promotion Councils/ Administrative body. The following enactments may also be consulted for the rates of cess on different commodities.

1. The Tea Act 1953;
2. The Calcutta Improvement Act 1911;
3. The Produce Cess Act 1966;
4. The Coffee Act 1942;
5. The Mica Mines Labour Welfare Act 1946;
6. The Coir Industries Act 1953;
7. The Iron Ore Mines, Manganese Ore Mines and Chrome Ore Mines Labour Welfare Cess Act 1976;
8. The Spices Act 1986;
9. The Marine Products Export Development Authority Act 1972;
10. The Tobacco Cess Act 1975;

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ANNEXURE: P12

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FEDERATION OF INDIAN EXPORT ORGANISATIONS
Set up by Ministry of Commerce, Government of India
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Search and Establish Contact with Indian Exporters

Type the ITC-HS Code of Products/Services you Desire to Source from India

Search for Indian Products/Services

26011210 Like Search

Names of Indian Exporters Matching ITC-HS Code starting with 26011210

*(Select the exporters to whom you want to send your business enquiry by clicking at the check boxes individually or you select all the exporters below by clicking at **Select All** button below. Once you have selected the exporters click at submit button.)*

[Browse **Exporters** by ITC-HS Codes]

[34] record(s) found in FIEO database

(5*EH) Five Star Export House **(4*EH)** Four Star Export House
(3*EH) Three Star Export House **(2*EH)** Two Star Export House
(1*EH) One Star Export House

Select All Submit Go Back

Members	Products	ITC-HS Code	Certificate	Profile	Web Site
☐ A T TRADE OVERSEAS PRIVATE LIMITED	IRON ORE PELLETS	26011210	Certificate	View	
☐ AMBA RIVER COKE LTD	IRON ORE PELLETS	26011210	Certificate	View	
☐ ARCELORMITTAL NIPPON STEEL INDIA LIMITED **[STH]**	IRON ORE PELLETS	26011210	Certificate	View	
☐ ARDENT STEEL LIMITED	IRON ORE PELLET	26011210	Certificate	View	
☐ ARYA IRON & STEEL COMPANY PVT LTD	IRON ORE PELLETS	26011210	Certificate	View	
☐ BULKLOGIX SHIPPING PRIVATE LIMITED	IRON ORE PELLETS	26011210	Certificate	View	
☐ CBC INDIA	IRON ORE PELLETS	26011210	Certificate	View	
☐ CHAITANYA ENTERPRISES	IRON ORE PELLETS	26011210	Certificate	View	
☐ ELITE METALIKS PRIVATE LIMITED	IRON ORE PELLETS	26011210	Certificate	View	
☐ ENVIROCARE INFRASOLUTION PRIVATE LIMITED	IRON ORE PELLETS	26011210	Certificate	View	
☐ ESSAR POWER (ORISSA) LTD	IRON ORE PELLETS	26011210	Certificate	View	
☐ JEWEL UTENSILS INDUSTRIES	CUTLERY OF STAINLESS STEEL	26011210	Certificate	View	
☐ KANDLA AGRO AND CHEMICALS P LTD **[TH]**	IRON ORE PELLETS	26011210	Certificate	View	
☐ MSPL LIMITED **[SEH]**	Iron ore pellets	26011210	Certificate	View	
☐ NEW CONCEPT MINING INDIA PVT.LTD.,	IRON	26011210	Certificate	View	
☐ NSIL EXPORTS LTD **[SEH]**	IRON ORE PELLETS	26011210	Certificate	View	
☐ ORBIT TRADEX PRIVATE LIMITED	IRON AND STEEL PIPES, WINDOWS, HANDICRAFTS, COTTON TEXTILES, CHANNEL, SQUARE BAR, ELECTRODES	26011210	Certificate	View	
☐ PARIDA AND SONS PROJECTS PRIVATE LIMITED	IRON ORE PELLETS	26011210	Certificate	View	
☐ PRASHANT KUMAR AHLUWALIA,	IRON ORE PELLETS	26011210	Certificate	View	
☐ RAMAKRISHNA ELECTRO COMPONENTS PVT. LTD.	IRON	26011210	Certificate	View	
☐ ROSSCO INTERNATIONAL PVT LTD	TRACTOR PARTS, AGRICULTURE MACHINE PARTS, AGRICULTURE IMPLEMENTS & PARTS, HARROW DISCS , IRON CASTING MACHINE PARTS, MACHINERY & PARTS USED IN AGRICULTURE FORGING & MACHINED PARTS, AUTOPARTS	26011210	Certificate	View	
☐ S S ENGINEERS	IRON	26011210	Certificate	View	
☐ SAKPAL INDUSTRIES	IRON ORE PELLETS	26011210	Certificate	View	
☐ SAMRIDDHI METALS PRIVATE LIMITED	IRON ORE PELLETS	26011210	Certificate	View	
☐ SARDA ENERGY & MINERALS LIMITED **[SEH]**	IRON ORE PELLETS	26011210	Certificate	View	
☐ SHRI JAGANNATH STEELS & POWER LTD.	IRON ORE PELLETS	26011210	Certificate	View	
☐ SHRI MAHAVIR FERRO ALLOYS PVT. LTD.,	IRON ORE PELLETS	26011210	Certificate	View	
☐ STEEL MONT PVT LTD	IRON ORE PELLETS	26011210	Certificate	View	
☐ SUHASINI IMPEX	IRON ORE	26011210	Certificate	View	
☐ SUPER SMELTERS LIMITED **[SEH]**	PELLETS	26011210	Certificate	View	
☐ THE KUTCH SALT AND ALLIED INDUSTRIES LTD	IRON ORE PELLETS	26011210	Certificate	View	
IRUPATI ENTERPRISES	IRON ORE PELLETS	26011210	Certificate	View	
GE BREWISER PRIVATE LIMITED	IRON ORE PELLETS	26011210	Certificate	View	

☐ WEIGHTRACK INDIA PVT. LTD.	MINERAL / MINES PRODUCTS	26011210	Certificate	View

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ANNEXURE: P13

Ministry of Law and Justice
Department of Legal Affairs

e-Office No. 364258/LS/2020
DGFT F. No. 01/91/171/IronOre/AM21/EC

Reference at pre-pages –

Pure and simple issue involved in the reference under consideration is as to "what is the effect of the word "free" substituted for the word "STE" and the words "Export by KIOCL Limited Bangalore or any entity authorized by KIOCL Limited. Kundremukh Iron Ore Company Ltd. Bangalore" substituted for the words "Kundremukh Iron Ore Company Ltd. Bangalore" in in entry 104, column 5&6 *vide* Notification No. 92 (RE-2013)/2009-14 dated 26.09.2014." It is relevant to mention that KIOCL is a Public Sector Company under the Ministry of Steel.

2. From perusal of reference note it is noticed that prior to the Notification dated 26.09.2014 the position of export of iron ore pellets was as under –

Sl. No.	Tariff Item HS Code	Unit	Item Description	Export Policy	Nature of Restriction
104	26011210	Kg	Iron ore pellets manufactured by KIOCL	STE	Kundremukh Iron Ore Company Ltd. Bangalore

3. However, the Central Government in exercise of powers conferred by Section 5 of the Foreign Trade (Development & Regulation) Act, 1992 read with para 1.3 of the Foreign Trade Policy, 2009-2014 made with immediate effect following amendments in Sl. No. 104 of Chapter 26 of Schedule 2 of ITC (HS) Classification of Export and Import Items, i.e.

Sl. No.	Tariff Item HS Code	Unit	Item Description	Export Policy	Nature of Restriction
104	26011210	Kg	Iron ore pellets manufactured by KIOCL	Free	Export by KIOCL Limited Bangalore or any entity authorized by KIOCL Limited. Kundremukh Iron Ore Company Ltd. Bangalore

4. From perusal of reference note and the annexures attached therewith, it is noticed that the said amendments at Sl. No. 104 of Chapter 26 of Schedule 2 of ITC (HS) Classification of Export and Import Items were introduced at the request and recommendations of Ministry of Steel (OM dated 11.08.2014) and Ministry of Commerce and Industry (OM dated 13.08.2014) to the effect that the KIOCL may export its product through third part[illegible] keeping in view the afore[illegible] request and recommendation of the concerned Ministries Sl. No. 104 of Chapter 26 of Schedule 2 of ITC (HS) Classification of Export and Import Items was amended without disturbing the entry in Column IV of the above chart providing for "Item Description" and the same as it was prior to the said amendment dated 26.09.2014.

5. Viewed in the light of above discussion and the factual background surrounding the said amendments dated 26.09.2014, there is no room for doubt that the word "free" substituted for the word "STE" is only in reference to the words "any

ntity authorized by Kundremukh Iron Ore Company Ltd. Bangalore" inserted by the aid amendment dated 26.09.2014. Therefore, export of iron ore pellets by any other company other than KIOCL or any entity authorized by Kundremukh Iron Ore Company Ltd. Bangalore is not in consonance with the notification.

6. In view of the above clarification, the administrative Department may like to take appropriate action as per law applicable in this regard. Attention of administrative Department is also invited to the principle, that if a law requires a thing to be done in a particular manner, it should be done in that manner or not all. This principle was approved and accepted in well-known cases of *Taylor v. Taylor* (1875) 1 Ch. D. 426, *Nazir Ahmed v. Emperor*, AIR 1936 PC 253 and accepted with approval by Hon.ble Supremes Court in the case *of Ramachandra Keshav Adke v. Govind Joti Chavare*, AIR 1975 SC 915. Therefore, understanding of administrative Department in this regard appears to be *de horse* of the policy occupying the field.

(Dr. R. S. Shrinet)
DLA
10.09.2020

DGFT

(Kind Attn. Ram Pal Singh, FTD(CO))

विधि कार्य विभाग
Deptt. of Legal Affairs
डा. सं. / Dy. No. 362468/L&/2020
दिनांक / Date 10/9/2020

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https://www.freepressjournal.in/india/rs-40000-cr-scam-of-iron-ore-export-from-karnataka-unearthed

Updated on : Friday, October 9, 2020, 2:16 AM IST

Rs 40,000-cr scam of iron ore export from Karnataka unearthed

By Jal khambata

The Law Ministry report notes that the duty-free export of pellets was allowed only to Kundremukh Iron Ore Company Limited (KIOCL)

New Delhi: A massive scam of illegal iron ore export from Karnataka worth Rs 40,000 crore by several unlicensed private parties has been unearthed by the Law Ministry, citing a loophole in a 2014 government notification exploited by them to go in for the exports without paying a single rupee as export duty for the past over six years.

The Congress on Thursday swooped over a report by Dr RS Shrinet of the Law Ministry, submitted to the government on September 10 asking it to "take appropriate action as per law" in what is estimated to be the loss of around Rs 12,000 crore to the exchequer in export duty.

The private parties did not pay 30% duty on the iron ore export under the notification dated 29.09.2014, allowing duty-free export if the ore is converted into pellets, though the Law Ministry found they were not entitled to the benefit extended through the notification.

The Law Ministry report notes that the duty-free export of pellets was allowed only to Kundremukh Iron Ore Company Limited (KIOCL), a Government of India undertaking under the Steel Ministry having own iron ore mine in Chikamangaluru district and a pellet manufacturing plant at Mangalore. The iron ore pellets are not available in the open market as KIOCL is the only company licensed to produce them and hence a probe is likely to find out how the private parties were able to lay hands on the pellets to export them to make bumper profits.

A cap on the export of only the iron ore with less than 64% concentration of Iron (Fe) was in vogue for a long time to ensure sufficient supply of the high-quality iron ore is available for the growth of the indigenous steel plants. The Metals & Minerals Trading Corporation of India (MMTC), a government undertaking, was the only PSU allowed to export iron ore and it too required the government's permission if the ore exceeded the cap.

Only KIOCL having a pellet plant was allowed to export the pellets but required to pay 30% duty which was changed in the 2014 notification to allow it to export the pellets manufactured by it free instead of "STE" of the export duty levied till then. The Law Ministry unearthed the scam when the Steel Ministry sought its opinion on "what is the effect of the word 'free', substituted for the word 'STE' and who are entitled to export the pellets without paying any duty."

Congress spokesman Pawan Khera, who released the documents at a Press conference here on Thursday, said this is Modi-made iron ore export scam of Rs 12,000 crore by the same Prime Minister Modi who talks of "Make in India" but he is caught selling India and notification issued by his government in 2014 soon after coming to power exposes the BJP-Corporate nexus in the way the government helped some private players in the mining industry.

He said the private players have not been reprimanded or questioned as they continue to flourish by exporting the iron ore pellets and so much so that even the private firms having own captive mines for internal use have seized the opportunity of exporting the iron ore pellets, in collusion with the ministry officials, who are to ensure that they do not sell any part of the iron ore dug up except for own use.

Khera said the iron ore is an essential national resource whose theft by a select private company has been allowed by the government. He said these private players are liable to pay a penalty of Rs 2 lakh crore for the gross illegality under the Foreign Trade Development and Regulation Act, 1992, but they won't be touched because they have the patronage of the government.

He wanted the government to explain why high-quality iron ore with greater than 64% iron concentration allowed to be exported contrary to earlier practice, release the detailed list of the private firms exporting iron ore without permission since 2014 and what action has been initiated against the Steel Ministry officials who allowed the illegal export as pellets. He also wanted to know whether the stakeholders were kept in the loop while removing the export duty on the iron ore pellets.

"The people have lost trust in this government. Governance is not done by selling country’s pride. This expose once again proves that for Narendra Modi, it is corporate first and India last," Khera added.

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ANNEXURE: P15 122

Press Information Bureau
Government of India
Ministry of Commerce & Industry

08 OCT 2020 8:04PM by PIB Delhi

Clarification on Iron Ore Exports;

On the issue of Iron Ore exports, the Department of Commerce, Ministry of Commerce & Industry would like to place on record the following facts:

Export policy restriction put in 1998 only for KIOCL: On 21.01.1998, vide Notification, a specific entry was added in the export policy regarding "Iron Ore pellets manufactured by Kudremukh Iron Ore Company Limited (KIOCL) out of concentrates produced by it". Thus, the export policy was regard to only Iron Ore pellets manufactured by KIOCL, which was 'canalized' through KIOCL, a CPSU under Ministry of Steel.

No change in policy for Iron Ore Pellets not manufactured by KIOCL: Subsequently, vide its Notification dated 26.09.2014 the export policy of Iron Ore pellets manufactured by Kudremukh Iron Ore Company Limited was amended to 'Free' from 'canalised'. Further, in the notification a policy condition was also added that the export of Iron Ore pellets manufactured by KIOCL is to be done by KIOCL Limited, Bangalore or any entity authorised by KIOCL Limited, Bangalore. However, there has been no amendment to the export policy of Iron Ore Pellets not manufactured by KIOCL.

Export duty on Pellets made Nil in 2011: To promote the export of Iron Ore pellets as a value added product, then Finance Minister Shri Pranab Mukherjee, had reduced export duty to 'nil' during the **2011-12 budget announcing in his budget speech"Iron ore is also exported in a value-added, pelletized form. Full exemption from export duty is being provided to Iron Ore pellets to encourage the value addition process for fines**."

Iron Ore Pellet Export happening prior to even 2014: As per the Export Policy, items not mentioned specifically in the export schedule are "free" for exports. As per export data, Iron Ore Pellets were taking place even prior to change in export duty in 2011-12. The iron ore pellet export data in the ten years before the 2014 notification is given in the annexure and is available in public domain. Thus, the linkage to changes in 2014 notification is misleading and is not backed by data.

Legal position still under consideration: The legal opinion from Deputy Legal Advisor, Department of Legal Affairs has not been endorsed by the senior officials of the Department and cannot be taken as the official legal view on this matter. The matter for final legal position is under consideration.

Annexure: Export data of Iron Ore Pellets

S.No	Year	Quantity (in MT)

1.	2004-05	53,32,600
2.	2005-06	35,47,560
3.	2006-07	4,32,520
4.	2007-08	23,58,490
5.	2008-09	9,09,080
6.	2009-10	2,86,740
7.	2010-11	86,620
8.	2011-12	2,09,670
9.	2012-13	20
10.	2013-14	17,12,970
	Total	**1,48,76,270**

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https://www.business-standard.com/article/economy-policy/steel-ministry-mulls-options-for-duty-free-export-of-higher-grade-iron-ore-119080601120_1.html

Steel ministry mulls options for duty free export of higher grade iron ore

Lower-grade iron ore fines are piling up at mine heads with no demand in the domestic market

Jayajit Dash | Bhubaneswar Last Updated at August 7, 2019 00:54 IST

The steel ministry has set in motion a study on whether higher grade iron ore is being exported by passing off as lower grade material or pellets. Inferior grade ore with iron content up to 58 per cent and pellets are currently exempted from export tax while richer grade ore attracts 30 per cent duty.

The ministry has decided that consultancy firm Mecon will commission a study on the possibility of export of high grade iron ore lumps or fines (iron or Fe content above 58 per cent) either in the garb of low grade ore or as iron ore pellets, which enjoy export duty waiver regardless of the ore content.

At present, iron ore with Fe content up to 58 per cent is exempted from export duty. Over the last six months, this baser grade ore has gained traction in the export markets after the crisis at Vale's Brazil mines in January this year and operation of some key iron ore mines in Australia were hit by a cyclone. Chinese steelmakers have shown renewed appetite for buying lower grade iron ore fines after the environmental regulations did not turn out to be as stringent as anticipated. Buying inferior grade iron ore instead of pellets is helping Chinese steel companies to shore up their bottom line.

Lower grade iron ore fines is getting stacked up at mine heads with no demand in the domestic market. At the end of March, iron ore stockpile at mines is estimated to have reached over 150 million tonnes. Odisha and Jharkhand contribute nearly 80 per cent to the inventory.

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F.No. 01/91/180/09/AM18/EC
Government of India
Ministry of Commerce & Industry
Directorate General of Foreign trade
Udyog Bhawan, New Delhi-110011

Dated: 24th May, 2019

OFFICE MEMORANDUM

Subject: Draft Comprehensive ITC (HS) Export Policy, 2019

Based on inputs received from various Partner Government Agencies, it is proposed to bring out a comprehensive Export Policy for all ITC(HS) tariff codes(including items which are 'free' for export and do not currently exist in the policy), covering conditions/ restrictions imposed by Partner Government Agencies on exports.

2. The updated and revised draft of Schedule 2 of ITC (HS) Export policy 2019 has been prepared as per the following:

i. Policy of export of all ITC (HS) codes will remain as per the existing Export policy. No change is envisaged in the existing Export Policy.
ii. All existing ITC (HS) tariff lines have been added to the policy including the ITC (HS) codes for which export is free.
iii. All existing Policy conditions in the current Export policy have been incorporated in the draft export policy 2019.
iv. The draft policy incorporates all notifications and Public notices issued after January, 2018 for ITC (HS) codes related to export policy.
v. Non-tariff regulations imposed by the Partner Government Agencies have also been added in the "policy condition" column in the draft.
vi. Each ITC (HS) code includes compliances mentioned in the ICEGATE.

3. Comments/suggestions on the Draft Export Policy 2019 (excluding Policy of specific items) are invited from all the stakeholders/exporters. Any factual inaccuracy/error may also be pointed out. The draft policy will be available on the DGFT website for next 10 days. Suggestions/Comments (if any) may be sent to Export Cell, DGFT on export-dgft@nic.in.

(Nitish Suri)
Dy. Director General of Foreign Trade
Tel. No. 23061562 Extn. 283
Email: nitish.suri@nic.in

To

All the stakeholders

DRAFT

SCHEDULE 2

ITC (HS) EXPORT POLICY 2019

24.05.2019

Directorate General of Foreign Trade
Government of India

CHAPTER 26

ORES, SLAG AND ASH

NOTE

Note 1:

Export of beach sand minerals have been brought under STE and shall be canalized through Indian Rare Earth Metal Limited (IREL). Beach sand minerals, permitted anywhere in the export policy, will now be regulated in terms of policy under at S No. 98A of Chapter 26 of schedule 2 export policy as per DGFT notification. No.26/2015-2020 dated 21.08.2018.

Agency: Indian Rare Earth Metal Limited (IREL).

Note 2:

As per hazardous wastes (management, handling and trans boundary movement) rules, 2008, export of Mercury, Beryllium, Arsenic, Selenium, Thallium bearing wastes (a1010), waste having beryllium: beryllium compounds as constituents or contaminants, wastes having selenium: selenium compounds as constituents or contaminants (a1020), wastes having mercury : mercury compounds as constituents or contaminants, wastes having arsenic : arsenic compounds as constituents or contaminants, wastes having thallium : thallium compounds as constituents or contaminants (a1030), hexavalent chromium compounds bearing wastes (a1040) are **prohibited.**

General Conditions:-

1. Rare Earth compounds are freely exportable, but rare earth phosphates, which contain uranium and thorium, are prescribed substances and are controlled as per provisions of Atomic Energy Act, 1962.

2. If the packing is of wooden material, ensure the valid Phytosanitary certificate and ISPM-15 marking compliance as per CBIC instructions.

ITC(HS) Code	Item Description	Policy	Policy Conditions
2601	**IRON ORES AND CONCENTRATES, INCLUDING ROASTED IRON PYRITES**		
2601 11 00	Iron ore other than those Specified under Free category	STE	Export canalized through MMTC Limited.
2601 11 00	Iron ore of Goa origin when exported to China, Europe, Japan, South Korea and Taiwan, irrespective of the Fe content;	Free	
2601 11 00	Iron ore of Redi origin to all markets, irrespective of the Fe content;	Free	
2601 11 00	All iron ore of Fe content upto 64%	Free	
2601 11 50	Iron ore concentrate prepared by benefication and/or concentration of low grade ore	STE	Export canalized through Kudremukh Iron Ore Company

	containing 40 percent or less of iron produced by Kudremukh Iron Ore Company Limited		Limited, Bangalore.
	Iron ores and concentrates, other than roasted iron pyrites:		
2601 11	*Non-agglomerated:*		-
2601 11 10	Iron ore lumps (60% Fe or more)	Free	-
2601 11 20	Iron ore lumps (below 60% Fe, including black iron ore containing upto 10% Mn)	Free	-
2601 11 30	Iron ore fines (62% Fe or more)	Free	-
2601 11 40	Iron ore fines (below 62% Fe)	Free	-
2601 11 50	Iron ore concentrates	Free	-
2601 11 90	Other	Free	-
	Iron ores and concentrates, other than roasted iron pyrites:		
2601 11	Non-agglomerated:		
	Iron ore lumps (60% Fe or more)		
2601 11 11	60% Fe or more but below 62% Fe kg.	Free	
2601 11 12	62% Fe or more but below 65% Fe kg.	Free	
2601 11 19	65% Fe and above kg.	Free	
	Iron ore lumps (below 60% Fe, including black iron ore containing up to 10% Mn)		
2601 11 21	newlow55% Fe	Free	
2601 11 22	55% Fe or more but below 58% Fe	Free	
2601 11 29	58% Fe and above	Free	
2601 11 31	62% Fe or more but below 65% Fe	Free	
2601 11 39	65% Fe and above	Free	
2601 11 41	below 55% Fe kg.	Free	
2601 11 42	55% Fe or more but below 58% Fe	Free	
2601 11 43	58% Fe or more but below 60% Fe	Free	
2601 11 49	60% Fe or more but below 62% Fe	Free	
2601 11 50	Iron ore concentrates	Free	
2601 11 90	Others	Free	
2601 12	***Agglomerated:***		
2601 12 10	**Iron ore pellets** manufactured by Kudremukh Iron Ore Company Limited (KIOCL)	Free	Export by KIOCL Limited, Bangalore or any entity authorised by KIOCL Limited, Bangalore [Notification. No. 92(RE2013) dated 26.09.2014]
2601 12 10	**Iron ore pellets**	Free	
2601 12 90	Others	Free	The quantity of export of such rejects shall not be more than 10% of the imported raw materials i.e. pellets The size of the rejected pellets chips (fines) shall be less than

			6 mm
2601 20 00	Roasted iron pyrites	Free	
2602	**MANGANESE ORES AND CONCENTRATES, INCLUDING FERRUGINOUS MANGANESE ORES AND CONCENTRATES WITH A MANGANESE CONTENT OF 20% OR MORE, CALCULATED ON THE DRY WEIGHT**		
2602 0000	Manganese Ores excluding the Lumpy / blended Manganese ore with more than 46 percent Manganese	STE	Export canalized through (a) MMTC Limited (b) Manganese Ore India Limited (MOIL)
2602 00 10	Lumpy/blended manganese ore with more than 46% manganese	Restricted	Export permitted under license
2602 00 20	Manganese ore (44% or more but below 46%)	STE	Export canalized through (a) MMTC Limited (b) Manganese Ore India Limited (MOIL)
2602 00 30	Manganese ore (40% or more but below 44%)	STE	Export canalized through (a) MMTC Limited (b) Manganese Ore India Limited (MOIL)
2602 00 40	Manganese ore (35% or more but below 40%)	STE	Export canalized through (a) MMTC Limited (b) Manganese Ore India Limited (MOIL)
2602 00 50	Manganese ore (30% or more but below 35%)	STE	Export canalized through (a) MMTC Limited (b) Manganese Ore India Limited (MOIL)
2602 00 60	Ferruginous (10% or more but below 30%)	STE	Export canalized through (a) MMTC Limited (b) Manganese Ore India Limited (MOIL)
2602 00 70	Manganese ore sinters, agglomerated	STE	Export canalized through (a) MMTC Limited (b) Manganese Ore India Limited (MOIL)
2602 00 90	Other	STE	Export canalized through (a) MMTC Limited (b) Manganese Ore India Limited (MOIL)
2603 00 00	Copper ores and concentrates	Free	
2604 00 00	Nickel ores and concentrates	Free	
2605 00 00	Cobalt ores and concentrates	Free	
2606	**ALUMINIUM ORES AND**		

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STANDING COMMITTEE ON

COAL AND STEEL (2013-2014)

FIFTEENTH LOK SABHA

MINISTRY OF STEEL

"REVIEW OF EXPORT OF IRON ORE POLICY"

[Action Taken by the Government on the Observations/ Recommendations contained in the Thirty-eighth Report of the Standing Committee on Coal and Steel (Fifteenth Lok Sabha)]

FIFTY-THIRD REPORT

LOK SABHA SECRETARIAT
NEW DELHI
FEBRUARY, 2014/MAGHA, 1935(Saka)

FIFTY-THIRD REPORT

STANDING COMMITTEE ON
COAL AND STEEL (2013-2014)

(FIFTEENTH LOK SABHA)

MINISTRY OF STEEL

"REVIEW OF EXPORT OF IRON ORE POLICY "

[Action Taken by the Government on the Observations/ Recommendations contained in the Thirty-eighth Report of the Standing Committee on Coal and Steel (Fifteenth Lok Sabha)]

Presented to Lok Sabha on 18.02.2014

Laid in Rajya Sabha on 18.02.2014

LOK SABHA SECRETARIAT
NEW DELHI
FEBRUARY, 2014/MAGHA, 1935(Saka)

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COMPOSITION OF THE STANDING COMMITTEE ON COAL AND STEEL(2013-14)

Shri Kalyan Banerjee - Chairman

Name of the Member

Lok Sabha

2. Shri Hansraj Gangaram Ahir
3. Shri Sanjay Bhoi
4. Shri Bansa Gopal Choudhary
5. Smt. Jyoti Dhurve
6. Shri Ganeshrao Nagorao Dudhgaonkar
7. Shri Sabbam Hari
8. Shri Vishwa Mohan Kumar
9. Shri Yashbant N.S. Laguri
10. Shri Pakauri Lal
11. Shri Babu Lal Marandi
12. Shri Govind Prasad Mishra
13. Shri Rajaram Pal
14. Kumari Saroj Pandey
15. Shri Gajendra Singh Rajukhedi
16. Shri K.R.G. Reddy
17. Shri Pashupati Nath Singh
18. Smt. Rajesh Nandini Singh
19. Shri K. Shivkumar alias J.K. Ritheesh
20. Shri Om Prakash Yadav
21. vacant

Rajya Sabha

22. Shri Ali Anwar Ansari
23. Dr. Pradeep Kumar Balmuchu
24. Shri Srinjoy Bose
25. Smt. Smriti Zubin Irani
26. Shri Jugul Kishore
27. Shri T. Rathinavel
28. Shri Sanjay Raut
29. Shri Dhiraj Prasad Sahu
30. Shri Nand Kumar Sai
31. Shri Dilip Kumar Tirkey

SECRETARIAT

1.	Shri Abhijit Kumar	-	Joint Secretary
2.	Shri Shiv Singh	-	Director
3.	Shri Arvind Sharma	-	Additional Director
4.	Shri Amrish Kumar	-	Committee Officer

INTRODUCTION

I, the Chairman, Standing Committee on Coal and Steel having been authorised by the Committee to present the Report on their behalf, present this Fifty-third Report (Fifteenth Lok Sabha) on Action Taken by the Government on the observations/recommendations contained in the Thirty-eighth Report of the Standing Committee on Coal and Steel (Fifteenth Lok Sabha) on "Review of Export of Iron Ore Policy" pertaining to the Ministry of Steel.

2. The Thirty-eighth Report (Fifteenth Lok Sabha) of the Standing Committee on Coal and Steel was presented to Lok Sabha on 29th August, 2013. Replies of the Government to all the observations/recommendations contained in the Report were received on 27.11.2013.

3. The Standing Committee on Coal and Steel considered and adopted this Report at their sitting held on 17.02.2014.

4. An analysis on the Action Taken by the Government on the observations/ recommendation contained in the Thirty-eighth Report (Fifteenth Lok Sabha) of the Committee is given at **Annexure-III.**

5. For facility of reference and convenience, the observations and recommendations of the Committee have been printed in bold letters in Chapter-I of the Report.

NEW DELHI;
17 February, 2014
28 Magha, 1935(Saka)

KALYAN BANERJEE
Chairman
Standing Committee on Coal and Steel

REPORT

CHAPTER – I

This Report of the Standing Committee on Coal and Steel deals with Action Taken by the Government on the Observations/Recommendations contained in the Thirty-Eighth Report (Fifteenth Lok Sabha) of the Standing Committee on Coal and Steel on "Review of Export of Iron Ore Policy" relating to the Ministry of Steel which was presented to Lok Sabha on 29.08.2013 and laid in Rajya Sabha on 29.08.2013.

2. The Action Taken replies have been received from the Ministry of Steel in respect of all the 10 Observations/Recommendations contained in the Report on 27th November, 2013. These have been categorised as follows:-

(i) Observations/Recommendations that have been accepted by the Government:
Sl. Nos.1 and 5

Total – 2
(Chapter II)

(ii) Observations/Recommendations which the Committee do not desire to pursue in view of the replies of the Government:
Sl. Nos. Nil

Total – 00
(Chapter III)

(iii) Observations/Recommendations in respect of which replies of the Government have not been accepted by the Committee:
Sl. Nos. 2, 3, 4, 7,8, 9 and 10

Total – 07
(Chapter IV)

(iv) Observations/Recommendations in respect of which final replies of the Government are still awaited:

Sl. No. 6

Total – 01
(Chapter V)

3. **The Committee trust that utmost importance would be given to implementation of the Observations/Recommendations accepted by the Government. In case, where it is not possible for the Ministry to implement the recommendations in letter and spirit for any reason, the matter should be reported to the Committee with reasons for non-implementation. The Committee desire that further Action Taken notes on the Observations/Recommendations contained in Chapter-I and final Action Taken Replies to the Recommendations contained in Chapter-V of this Report be furnished to them at an early date.**

4. The Committee will now deal with the Action Taken by the Ministry on some of their observations/recommendations made in the Thirty-Eighth Report.

Recommendation Serial No.2 and 3

5. The Committee observe that against the 28.526 billion tonnes (17.84 billion tonnes Haematite, 10.64 billion tonnes Magnetite) of iron ore resources in the country, most of the magnetite resources (about 37%) of the total iron reserves are not available for mining due to prohibition imposed by Hon'ble Supreme Court in Western Ghats and similar other sensitive environmental zones. The Committee have been further given to understand that only about 18 billion tonnes i.e. less than half of the proved reserves are economically exploitable. The Committee find that at present the production of steel in the country more or less commensurate with the demand, but at the same time, the Working Group on steel industry for the 12th Plan has projected the requirement of 206.2 million tonnes by the year 2016-17, against the total iron ore requirement from 135.7 million tonnes in 2012-13. Taking note of the fact that millions of tonnes of iron ore is still being exported and the iron ore in the country will not last more than 25 years and keeping in view the production, demand projections, compounded with annual growth rate of 7.8%, the Committee strongly recommend that there is an immediate need for reduction of export of iron ore for the purpose of serving of our steel Industries for future.

(Recommendation Serial No. 2)

6. The Committee are anguished to note that although the Planning Commission have observed that the present proven reserves of iron ore in the country may not be sufficient to meet the requirement of iron ore for the domestic iron and steel industry beyond next 25 years, 486.91 million tonnes of iron ore worth Rs. 1,85,139.91 crore were exported from the country during the 11th Plan Period. The Committee are further unhappy to note that the export of iron ore from the country was 117.37 million

tonnes and 97.66 million tonnes during 2009-10 and 2010-11 against 78.14 million tonnes during 2004-05. Although, the Committee find a declining trend in respect of export of iron ore which was reduced to 61.74 million tonnes during 2011-12 and during the first half of 2011-12, the export of iron ore was just 30.75 million tonnes. What still perturbs the Committee is the fact that more than one third (36.9%) of iron ore produced in the country was exported during 2011-12. The Committee further note that though the export duty has been hiked to 30% ad-valorem from 30.12.2011 on export of iron ore excluding pellets, 14.4 million tonnes out of a total 71.75 million tonnes iron ore produced in the country (20 percent of the production) were exported during April to September, 2012-13. In view of the huge export of iron ore from the country, the Committee disapprove the present iron ore export policy of the Government where it was decided that although conservation of iron ore resources is of the paramount importance, the same may not be achieved by banning or capping the export of iron ore but by taking recourse to appropriate fiscal measures. Although, the Government have claimed that imposition of higher rate of export duty on iron ore has resulted in an effective measure to discourage iron ore export from the country, the Committee feel that this will not help for long term conservation of iron ore as required by steel industries in the country. The Committee therefore, strongly recommend that the Government should take appropriate measures either by further increasing the export duty beyond 30% or gradually reducing the export of iron ore to ensure that this scarcely available national asset is reserved for the growth of the country. If possible, the Committee recommend total banning of export of iron ore for the purpose of saving steel industries in future.

(Recommendation Serial No. 3)

7. The Ministry of Steel in their action taken reply to the above two recommendations have informed the Committee as follows:-

> "Ministry of Steel is not in favour of banning export of iron ore. However, custom duty on export of iron ore has been increased to 30% to discourage export of iron ore and encourage domestic value addition and improve its availability to the domestic steel industry".

NMDC Limited (NMDC)

As informed by Department of Commerce requirement of iron ore for the domestic steel industry is a priority and should be met first. Only the surplus, if any, may be exported.

Further as informed by Department of Commerce increase in export duty needs to be seen in a macro context. The present export duty at 30% ad valorem is already a high rate. Any further increase affecting exports will also have adverse impact on the current account deficit. Further, the use of 'ban' as an instrument of trade policy is not WTO compatible. Article XI of GATT states that no prohibition or restriction other than duties, taxes or other charges shall be instituted or maintained in relation to the exportation of goods."

8. The Committee do not concur with the view of the Ministry of Steel for not totally banning the export of iron ore. Though, the Ministry of Steel in the action taken reply have submitted that custom duty on export of iron ore has been increased to 30% to discourage export of iron and encourage domestic value addition, the Committee are dismayed to note the reply of the Ministry of Commerce that only the surplus, if any, is being exported. The Committee are of the firm view that the endeavour of the Ministry should be for utilizing the surplus iron ore, if any, for future instead of exporting it. The Committee, therefore, desire that the Ministry of Steel should take adequate steps to get the additional capacity installed for finished steel in the next 3 years so that surplus iron ore available is consumed by the domestic industries. The Government cannot ignore future demand of domestic industries.

Recommendation Serial No. 4

9. The Ministry of Steel have apprised the Committee that Haematite and Magnetite were the two main varieties of iron ore. As per Indian Bureau of Mines (IBM), major resources of Haematite are located in the States of Odisha, Jharkhand, Chhattisgarh, Karnataka and Goa. The balance resources of Haematite were spread in Andhra Pradesh, Assam, Bihar, Maharashtra, Madhya Pradesh, Meghalaya, Rajasthan and Uttar Pradesh. India's 97% Magnetite resources are located in four States, namely, Karnataka, Andhra Pradesh, Rajasthan and Tamil Nadu. The Committee felt that exploration of ore with modern technology would further improve the qualitative availability of iron ore in the country. The Committee therefore, recommended that Ministry of Steel should prepare a time bound action plan for detailed exploration of untapped potential sources of iron ore for mining to enhance production. The encouragement for introducing state-of-art technology and scientific approach in the existing iron ore mines for enhancing the production was essentially required and therefore, the Committee strongly felt that funds may be

allocated towards expansion and exploration of new iron ore mines in this regard.

10. The Ministry of Steel in their action taken reply have furnished as follows:-

"Haematite and magnetite are the two important iron ores from which iron is extracted. Of these, haematite is considered to be superior owing to its high grade. Commercial deposits of hematite are mostly of bedded type confined to banded iron formation. Magnetite the other iron ore mineral is confined to metamorphosed sedimentary rock (banded iron formation) although magnetite occurs in igneous rocks also.

Total resources potentiality of hematite – magnetite iron ore is yet to be known in the country. Previously the resource and reserves were calculated based on 55% Fe as cut- off to produce mineable ore. After lowering of threshold value of iron ore by Indian Bureau of Mines (IBM), in lease free, non forest areas assessment of low grade iron ore (+45%Fe) is being undertaken by GSI to augment the iron ore resources. Evaluation of future exploration programmes on low grade iron ore in free hold areas for both fresh as well as reassessment has been initiated after assessing the data from the available mineral investigation reports and other relevant documents.

In the leasehold area, the job must rest with the lessee. IBM has to monitor and take active role in the leasehold area for proper inventory of iron ore. The areas where exploration was carried out earlier and the deposits are kept for stand alone or captive mining, exploration data have to be examined by the State Government. Once the leases are granted for those areas the lessee must do total assessment of the property considering Fe cut off both at 45% and 55%. If there is future plan of auctioning those deposits, the state Governments may consider for carrying out exploration in totality for proper valuation of the property.

Status of exploration within identified potential domains

The assessment of potential area for iron ore exploration indicates that the total potential area for iron ore in different geological domains so far evaluated in the country is around 7000 sq km. Out of the potential areas of 7000sq km, the area explored is around 5900 sq. km. As per the available information so far received the lease hold areas within the explored area is around 890 sq km. Therefore the explored free hold areas is around 5000 sq km and the total unexplored areas is around 1100 sq km. Therefore the potential explored area warranting reassessment is around 4000 sq km.

New prospective areas for iron ore exploration

Although economically viable deposits exist in different geological setups, bulk of the country's ore supplies are from deposits of BIF derivation (BHQ/BHJ/BMQ). GSI has initiated a new look in the green field areas to identify new potential areas for iron ore occurrence both in BIF derived ores and also in other non BIF hosted setup. An area of around 5000 sq km has been tentatively identified for reconnaissance stage investigation (G-4 stage) to narrow down the target areas for future intensified mineral search through progressive higher stages of investigation.

Strategy for iron ore exploration

Iron ore exploration in Greenfield area within already identified potential domain.

On the basis of evaluation of time schedule vis-à-vis field components in mineral investigations carried out by GSI under different stages of investigation, a tentative time frame can be outlined for future exploration in the unexplored area within the already identified potential areas. The evaluation of exploration data indicates that roughly 2-3% of the potential area comes out to be the actual mineralized zone.

Iron ore exploration in new identified Greenfield areas

Reconnaissance stage investigation (G-4 stage investigation) for an area of 5000 sq km is being planned in newly identified Greenfield areas in designated belts. The aim of this reconnaissance investigation is to identify and narrow down the target areas for future intensified mineral search through delineating favourable segments of areas for iron ore mineralization within the Greenfield areas.

The fixation of quantum of work will be guided by geological set up of the particular areas and exposure conditions. A rough estimate of the Greenfield areas identified for reconnaissance investigation indicates that nearly 4000 sq km lies in peninsular portion and roughly 1000 sq km is within extra peninsular region. With the available resources this identified area covering around 5000 Sq. K.M would be covered through Central Government level investigation within the span of the 13th Plan.

Re-assessment in the Explored areas in peninsular India

GSI is formulating scheme of reassessment of iron ore, due to the lowering of threshold values to 45% Fe, in the explored areas through fresh resource estimation of the entire spectrum of mineralized zones including low grade portions at lower cut off which normally occurs within the profile of the mineralized zone in the following modes:

(i) Low grade partings within the high grade ore (Shaly Ore).
(ii) In hanging wall and footwall side of the ore zone or as separate bands.
(iii) On top of lateritic profile(Lateritic and limonitic ore)
(iv) As bottom of established ore within zone of enrichment above proto ore.

GSI has tentatively identified the group of hematite deposits in different iron ore belts of the country where reassessment of resource potential at lower cut off is required.

Tentative time frame for accomplishment of work

A preliminary assessment of the requirement of drilling in explored areas indicates that it will tentatively involve a drilling of 65,000 meters with average of 120 meters per borehole. Therefore, 540 nos. of boreholes are tentatively to be drilled in the explored areas. It is estimated that with the available resources the reconnaissance survey for iron ore may be completed by the 13th Plan.

The Working Group on Steel Industry for the 12th Five Year Plan, in addition to the on going R&D Scheme 'Promotion of Research & Development in Iron & Steel Sector', had recommended the interest subsidy scheme 'Promotion of Beneficiation & Agglomeration of low grade iron ore & ore fines' with an estimated budget of Rs. 2417 crore for the 12th Five Year Plan period. However, Planning Commission allocated only Rs. 200 crore to Ministry of Steel for the 12th Five Year Plan. Due to the insufficient allocation, the aforesaid interest subsidy scheme could not be taken up. It is also pertinent to state that the interest subsidy scheme was not on R&D but for promoting capacity building for Beneficiation & Agglomeration of low grade iron ore & ore fines.

However, the recommendation/ observation of the Committee have been taken up with the planning Commission with a request to allocate sufficient funds to run the aforesaid interest subsidy scheme.

It is however, informed that Government has been pursuing R&D on Beneficiation & Agglomeration of low grade iron ore & ore fines under the on-going scheme of 'Promotion of Research & Development in Iron & Steel Sector'. In fact, the main emphasis on R&D under the aforesaid scheme in the 11th Five Year plan was Beneficiation & Agglomeration & Ind the Scheme has been continued in the 12th Five Year Plan Period.

The following R&D projects are being pursued under the aforesaid scheme:-

- Improvement in sinter productivity through deep beneficiation and agglomeration technologies for rational utilization of low grade iron ores and fines by National Metallurgical Laboratory (CSIR-NML) Jamshedpur.
- Alternate complementary Route of Iron/Steel making with reference to Indian raw material viz. low grade iron ore and non coking coal (adopting beneficiation of low grade ore) by National Metallurgical Laboratory (CSIRNML) Jamshedpur.
- Beneficiation of Iron Ore slimes from Barsua and other mines in India by Research & Development Centre for Iron & Steel (RDCIS), SAIL, Ranchi.
- Development of pilot scale pelletization technology for Indian Goethitic/ hematite ore with varying degree of fineness by Research & Development Centre for Iron & Steel (RDCIS), SAIL, Ranchi.

In addition to the above one more R&D project viz. 'Quality Improvement of Low Grade Iron Ore' is being pursued by RDCIS, SAIL, Ranchi, with financial assistance from Steel Development Fund.

Steel Authority of India Limited (SAIL)

About 97% magnetite resources are located in four states of Andhra Pradesh, Rajasthan, Karnataka and Tamilnadu. Out of which, major magnetite resources are in the Western Ghat area that could not be exploited due to environmental concern. Considering the importance of natural resources as well as of environment preservation together, feasibility of underground mining may be explored at Western Ghat area. However processing of mined out iron ore from Western Ghat may be carried out outside the forest area.

In the year 2012-13, SAIL mines have produced about 21.48 million tonnes of iron ore for its steel plants. To meet the enhanced requirement of iron ore for ongoing capacity expansion, the production capacity of existing mines at Gua, Bolani, Kiriburu, Meghahatuburu are being expanded to their maximum potential. As a result, iron ore production capacity of SAIL mines will be enhanced to about 40 Mtpa in the next 2 years time which will take care of the iron ore requirement for ongoing hot metal capacity expansion to 23.46 Mtpa. Further new mines are planned to be developed at Rowghat, Chiria and Taldih.

SAIL is now ramping up hot metal capacity to approx 24 million tonnes per annum (Mtpa), & plans to embark on the next phase of expansion to raise it further to about 50 Mtpa by 2025. In order to meet enhanced requirement of iron ore of about 83 Mtpa by 2025 and beyond, new iron ore mines have to be developed as the reserve in existing operating iron ore mines may get depleted in due course of time. For this, SAIL has submitted PL/ML applications to the State Govt. of Jharkhand, Odisha, Chhattisgarh, Rajasthan, Karnataka, Tamilnadu, Uttar Pradesh and Maharashtra. The matter is being constantly pursued with the respective State Governments.

In order to further enhance resources of iron ore in the area where forest clearances were available, the drilling of about 30,000 meters in last 5 years has been carried out in SAIL mines. During 2013-14, there is further plan of exploratory drilling of about 12,000 meters by Mineral Exploration Corporation Limited (MECL) in SAIL iron ore mines.

Most of SAIL iron mines are in the area of reserves forest where presently forest clearances are not available and exploratory drilling for resource enhancement could not be taken up. Therefore attempt is being taken up to explore these areas through Geomagnetic/Geophysical surveys.

NMDC Limited (NMDC)

With respect to NMDC, the Company has already planned expansion of its iron ore mining capacity from the existing 32 million Tonne per year to 46.5 MT per year by end of twelfth five year plan (2016-17) and 52.5. MT by the year 2010-21.

Mineral Exploration Corporation Limited

Mineral Exploration Corporation Ltd is a public sector undertaking functioning under Ministry of Mines. MECL, with its well developed infrastructure and expertise, is committed to execute cost and time effective comprehensive programme(s) from reconnaissance survey to detailed exploration of minerals and developmental mining projects on a turn key basis.

At present, Mineral Exploration Corporation Limited is carrying out detailed exploration work for iron ore as per the details given below:

(i) MECL has entered into MoU with M/s. Steel Authority of India Ltd (SAIL), to carry out detailed exploration of new iron ore deposits as well as in existing mines including geological services and preparation of geological report. The exploratory drilling activities includes core drilling and RC drilling in different mine areas of SAIL (Bhilai Steel Plant & Raw Material Division). The period of MoU is upto February 2015.

(ii) MECL has also entered into MoU recently with Rashtriya Ispat Nigam Ltd (RINL) for a period of 5 years, to carry out detailed exploration for iron ore, limestone and other minerals. Under this MoU, MECL proposes to take up exploration work for various iron ore prospects allocated to RINL in different parts of the country.

MECL is further enhancing its capacity in iron ore exploration by procuring one RC drilling rig and accordingly MECL fully equipped to take up detailed exploration for new iron ore prospects in the country in addition to above, depending on the availability of work."

11. The Committee had earlier recommended that the encouragement for introducing state-of-art technology and scientific approach in the existing iron ore mines for enhancing the production was essentially required and therefore, the funds may be allocated towards expansion and exploration of new iron ore mines in this regard. Although, the Ministry of Steel in their action taken reply have submitted details about status of exploration within identified potential domains, new prospective areas for iron ore exploration, strategy for iron ore exploration including exploration in Greenfield area within already identified potential domain, iron ore exploration in new identified Greenland areas, re-assessment in the explored areas in peninsular India and the tentative time frame for accomplishment of work, the reply of the Ministry is silent on details of funds allocated towards research and development work for expansion and exploration of iron ore mines. The Committee therefore, would like the Ministry of Steel to furnish the details of various schemes taken up for the

development and exploration of iron ore mines for enhancing iron ore production with details of funds allocated/spent under these heads during the last five years. The Committee also desire that an action plan be prepared for the next five years for research and development activities in this regard and they be apprised of the same.

Recommendation Serial No. 7 and 8

Recommendation Serial No. 7

12. The Committee note that a large quantity of iron ore, mainly fines, are being exported from the country on the plea that the country does not have adequate facilities for use of fines and therefore, these fines have to be exported for economic and environmental reasons. The Committee find that to encourage optimum utilization of iron ore resources of the country and to improve domestic utilization of low grade iron ore and fines through beneficiation and pelletization, import duty on plants and equipments used for initial setting up and substantial expansion of beneficiation and pelletization plants has been reduced from 7.5% to 2.5% in the General Budget for year 2012-13. Besides, export duty on pellets has been reduced to zero. Though, appreciating the Ministry of Steel for this prudent measure of reducing import duty on plants and equipments used for initial setting up and substantial expansion of beneficiation and pelletization plants, the committee do not concur with the decision of the Government to reduce export duty on pellets to zero. The Committee are of the opinion that imposition of higher export duty on iron ore fines and non-exemption from export duty to pellets will give an impetus to setting up of pelletization plants in the country by the stand alone miners. Setting up of more pelletization plants will also generate employment opportunities and will also generate more revenue in terms of value added products. The Committee have been informed that Pelletization capacity increased from about 18 MT in 2006 to about 48 MT in 2012 and Sintering Capacity increased from about 30 MT in 2006 to about 57 MT in 2012. Also, Pelletization and Sintering capacities are expected to go up to 84 Mt and 86 MT respectively by 2015. In the context of pelletisation capacity, the Committee desire that a

comprehensive study on the impact of the free export of pellets should be carried out by the Ministry of Steel, and the Committee would also like to be apprised of the facts and progress in this regard. At the same time, taking note of the present pelletisation capacity in the country which is highly inadequate, the Committee would like the Ministry to take immediate steps to create sophisticated iron ore beneficiation facility followed by pelletisation so that lower quality of iron ore produced in the country is fully utilized by domestic steel plants.

Recommendation Serial No. 8

13. Till recent past, the domestic steel industry was mainly using higher grades of iron ore due to their easy availability. As per a study done by Economic Research Unit under Ministry of Steel during 2007 on 'Iron ore fines utilization in India', there will be rapid demand of iron ore fines by domestic steel industry as the technology matrix of the various capacity expansion plans and new steel plants is heavily biased towards technologies using agglomerated fines. The Committee has taken note that as per this study, the share of fines in steel making in country is further likely to increase from 52.2% during 2005-06 to an estimated about 72% by 2019-20. Taking note of the rapid depletion of high grade iron ore reserves in the country, the Committee feel that steel industry should come up with an investment plan in beneficiation and agglomeration (sintering and pelletization) facilities for utilizing low grade iron ore fines also. The Committee, therefore recommend that the Government should come with a policy measure to ensure that all the upcoming new steel plants and expansion of existing steel plants should be based on technologies, which can utilize iron ore fines and desire that 100% utilization of iron ore fines be achieved by the end of 12th plan period.

14. The Ministry of Steel in their action taken reply to the above two recommendations have informed the Committee as follows:-

The iron ore beneficiation / pelletisation capacity is increasing as per the demand of the steel sector and cost competitiveness associated with it. Steel is a deregulated sector and decisions regarding setting up new facilities for pelletisation / ore beneficiation are taken by the project proponents. Government has already incentivized these activities by taking appropriate fiscal measures like rebate in import duty on plant / machinery.

In the case of a deregulated sector like steel, the Government plays the role of a facilitator and commercial decisions regarding use of a particular technology etc. are taken by the industry and the entrepreneurs concerned. However, to facilitate setting up of pelletisation plants in the country, the Government has reduced the Basic Custom Duty on capital goods equipment required for initially setting up or substantial expansion of iron ore pellet plants and iron ore beneficiation plants, from 7.5% to 2.5% since 2012-13. There are technological limitations also and development of suitable technology may not be given a time limit. However, Government, recognizing the importance of the issue, would facilitate development of such technologies as a matter of policy.

Steel Authority of India Limited (SAIL)

From mineral conservation point of view it is essential to plan for utilization of total resource including the low grade ore by blending, beneficiation and agglomeration techniques. While SAIL has extensive facilities for blending and agglomerations (sintering) at its plants, efforts are being made for mineral conservation by utilizing iron ore slimes (generated after washing/processing and lying in tailing ponds) and low grade fines through large scale beneficiation and pelletisation at various locations. Process has already been initiated for installation of 4 MTPA capacity pellet plant at Gua, 2 MTPA at Rourkela Steel Plant (RSP) and 1 MTPA at Dalli mine. This would also improve the quality of burden to blast furnaces.

After ongoing capacity expansion programme, the sinter capacity in the SAIL Steel plants would increase from present level of about 17 Mtpa to 30 Mtpa by 2015-16. Under this expansion, new sinter plants of 3.80 Mtpa capacity each at RSP and ISP are already commissioned.

In SAIL for steel making, BF/BOF route is in place which utilizes iron ore in form of lump and agglomerated fines in form of sinter which constitutes 70 % of BF burden. With installation of large size Blast Furnaces (4060m3 commissioned at RSP & another coming soon at ISP) with the state of the facilities in future the need for agglomerated burden (sinter + pellet) will further increase up to the level of 80%. With these SAIL is aiming for utilization of 100 % fines.

Rashtriya Ispat Nigam Limited (RINL)

RINL has been using Sintering Technology which can utilize iron ore fines, since inception. RINL- had installed two Sinter Machines under 3Mtpa Plant to produce about 5.3 Mt of sinter using iron ore fines. RINL-VSP has been utilizing nearly 70% of iron ore fines in its charge sinter since inception.

New Sinter Plant (SP#3) with capacity of 3.61Mt has been commissioned under 6.3 Mtpa expansion programme. This will further enhance the usage of iron ore fines.

As a further step in this direction, RINL along with NMDC has undertaken to set up a Pelletisation plant of capacity of around 6 Mtpa in Visakhapatnam. The input material would be iron ore concentrate prepared by NMDC using iron ore fines at their mine-head in Bailadilla. It is also planned, as part of JV, to lay a pipe line of capacity 13 Mtpa to carry iron ore slurry from Nagarnar to Visakhapatnam.

NMDC Limited (NMDC)

With respect to NMDC, the Company is setting up two pellet plants and both are being set up by using Pellet Plant Feed (PPF) produced from low grade iron ore by beneficiating them at respective beneficiation plants also being set-up by NMDC.

Subsequently in a note **(Annexure-I)** furnished to the Committee, CMD, KIOCL Ltd. has opposed the recent hike in Export Duty on pellets by the Government.

15. Taking note of the rapid depletion of high grade iron ore reserves in the country, the Committee had earlier recommended that the Government should come up with a policy measure to ensure that all the upcoming new steel plants and expansion of the existing steel plants should be based on technologies aiming at creating sophisticated iron ore beneficiation facilities followed by pelletisation so that the lower quality iron ore produced in the country is fully utilized by domestic steel industry. The Ministry in their action taken reply have stated that from mineral conservation point of view, Steel Authority of India, Rashtriya Ispat Nigam Limited and National Mineral Development Corporation have extensive facilities for utilization of lower grade ore by blending, beneficiation, agglomeration, and pelletisation technique. The Ministry have further stated that steel being a deregulated sector, decisions regarding setting up new facilities for pelletisation/ore beneficiation are taken by the project proponents. However, Government recognizing the importance of the issue would facilitate development of such technologies as a matter of policy. The Committee strongly feel that such

technologies for using lower grade iron ore should not only be used by the steel PSUs, the private steel makers should also use the technology as a matter of policy in order to increase mineral inventory in the country. The Committee recommend the Ministry to discuss this important issue with private sector producers and come out with a policy in this regard.

16. The Committee note that although they had appreciated the Government who have taken steps to improve domestic utilization of low grade iron ore and fines through beneficiation and pelletization, reducing import duty on plants and equipments used for initial setting up and substantial expansion of beneficiation and pelletization plants from 7.5% to 2.5% in the General Budget for year 2012-13 and reducing the export duty on pellets to zero, the Government *vide* their notification No. 3/2014 dated 27.01.2014 have levied 5% export duty on iron ore pellets. The Committee are thus perturbed to note that though the Ministry of Steel in their Action Take Reply furnished to the Committee on 27th November, 2013 has informed that they have reduced the Basic Custom Duty on capital goods equipment required for initially setting up or substantial expansion of iron ore pellet plants and iron ore beneficiation plants, from 7.5% to 2.5% since 2012-13 and export duty for pellets has been reduced to zero, the same has now been reported to be increased to 5% by the Government. Since the Action Taken Reply of the Government in silent on any proposed increase in export duty, the Committee are unable to understand the rationale behind increasing the same after submitting Action Taken reply to them. In view of a memorandum dated 05 February, 2014, received by the Committee from KIOCL Ltd., a Government of India Enterprise, the Committee feel that the decision may

adversely affect the pellet industry particularly KOICL Ltd., a Steel Ministry PSU exclusively dealing with export of pellets by using low grade iron ore and already facing serious challenges from increased railway freight, high royalty rates and lack of domestic demand for pellets, etc. The Committee, therefore, reiterate their earlier recommendation and desire the Ministry to take immediate steps to create sophisticated iron ore beneficiation facility followed by pelletisation so that lower quality of iron ore produced in the country is fully utilized by domestic steel plants. The Committee would also like the Government that till technological up-gradation are made in domestic steel plants so that they could fully consume the domestically produced pellets, the Government should continue with the earlier policy of zero percent export duty on pellets so that huge investment made in the pellet industry do not become non-productive assets and thousands of people do not lose their livehood due to gradually close down of the pellet industry with additional financial burden of increased export duty. *It is always desirable that Government should proceed on the basis of their promise since in view of such promise large number of industries has made huge investments and the Government should not back out from their promise.* **The Committee,** therefore, **recommend that Ministry of Steel should** immediately **take up the matter with Ministry of Finance at the appropriate level and apprise** them of **the action taken in** the matter**.**

Recommendation Serial No.9 and 10

Recommendation Serial No.9

17. The Committee have been informed that iron ore export of NMDC's was being done through MMTC as per decision taken by the Union Cabinet from time to time and last such long term contract was signed in 2012-13 for a period of 3 years i.e. till 2014-15. Though Ministry of Steel have

apprised the Committee that NMDC exports a very small percentage of the total exports of the country and the quantum of export had decreased from 3.78 MT in 2007-08 to 0.39 MT during 2011-12, the Committee were not in agreement with the views of the Ministry and desire that NMDC's iron export contract be reviewed immediately so as to make the availability of iron ore for the domestic industry in required quantity.

18. The Ministry of Steel in their action taken reply have furnished as follows:-

NMDC Limited (NMDC)

"With respect to NMDC, the Company has entered into long-term agreement with Japanese Steel Mills (JSMs) & POSCO, South Korea during 2012-13 for a validity period of 3 years (i.e. upto 2014-15) in accordance with the decision of Union Cabinet."

Recommendation Serial No. 10

19. The Committee note that iron ore, a non-renewable and critical raw material for steel industry is poised for huge capacity expansion and according to the Ministry of Steel, policy measures are needed to conserve this resource for long term requirement of domestic steel industry. The Committee are however, concerned to note that as per the present foreign trade policy regarding export of iron ore, iron ore upto 64% Fe content is freely allowed. Further, export of iron ore of Goa origin is freely allowed to China, Europe, Japan, South Korea and Taiwan (irrespective of Fe content) and export of iron ore from Redi region to all markets (irrespective of Fe content) is also freely allowed. As regards export of iron ore with Fe content above 64%, the Committee find that these exports were canalized through MMTC and high grade iron ore not exceeding 1.8 million tonnes(lumps) and 2.7 million tonnes (fines) from Bailadila, Chhattisgarh is allowed to be exported. In view of the free trade of iron ore upto 64% Fe content and even export of higher grade of iron ore, the Committee recommend that the Government should take immediate necessary policy measures not only to ban the export of iron ore reserves of higher grade but also those upto 64% Fe content which are presently freely allowed. In view of the limited beneficiation agglomeration facilities in the country, the Committee feel that the high

grade iron ore with Fe content more than 64% from Bailadila, Chhattisgarh which can be used by the existing steel plants should not be permitted for export and be made available to meet the requirement of domestic steel industry.

20. The Ministry of Steel in their action taken reply have furnished as follows:-

Export of high grade ore is permitted only for export by MMTC / NMDC to Japan and South Korea under Long Term Agreements (LTAs) which have been in existence since 1970. Presently, the LTAs have been renewed for the period from 01-04-2012 to 31-03-2015 with the approval of the Cabinet in view of our long-term strategic relationship with these countries.

Total ban over export of iron ore is not considered to be the only way to discourage export of iron ore and to improve availability of iron ore for domestic consumers. Government has been, on the recommendations of Ministry of Steel, increasing export duty on iron ore and at present it is at 30%.

NMDC Limited (NMDC)

As informed by Department of Commerce Export of high grade ore is permitted only for export by MMTC/NMDC to Japan and South Korea under Long Term Agreements (LTAs) which have been in existence since 1970. Presently, the LTAs have been renewed for the period from 1.4.2012 to 31.3.2015 with the approval of the Cabinet in view of our long-term strategic relationship with these countries.

21. The Committee had earlier recommended that NMDC's iron ore export contract needed to be reviewed immediately so as to make the availability of iron ore for the domestic industry. The reply of the Ministry of Steel submitted to the Committee is unsatisfactory and ambiguous as no mention has been made about the review of NMDC's export contract by the Government. The Committee while reiterating their earlier recommendation desire that the matter need to be placed before the Cabinet and no further extension for export of iron ore from the Country be given.

22. As regards the export of high grade of iron ore being permitted to export by MMTC/NMDC to Japan and South Korea under Long Term Agreements (LTAS) which have been in existence since 1970 and free trade of iron ore upto 64% Fe content, the Committee had recommended that the Government should review the same as the iron ore reserves in the country have depleted and may last only for the next 25 years. The Committee, therefore, reiterate that capacity addition for finished steel goods be generated and only finished steel goods should be exported as it would help in generating more employment in the country.

CHAPTER –II

OBSERVATIONS/RECOMMENDATIONS WHICH HAVE BEEN ACCEPTED BY THE GOVERNMENT

Recommendation Serial No.1.

The existence of strong steel industry is crucial to the development of any modern economy. The growth of steel industry largely depends on the availability of critical raw materials in required quantity and quality. Therefore, as managers of raw materials, it is the responsibility of the Ministry of Steel to ensure the availability of inputs in required quantity as well as quality at least for a period of fifty years. The aim of steel policy should, therefore, be directed towards production of iron ore not only from the existing mines with innovative mining technologies but also exploration from untapped sources.

Action Taken

The New National Policy is in draft stage and the policy would recommend for exploring the use of new technologies for mining and beneficiating low quality iron ore. As far as new prospective areas for iron ore exploration is concerned, it may be stated that although economically viable deposits exist in different geological setups, bulk of the country's ore supplies are from deposits of BIF derivation (BHQ/BHJ/BMQ). Geological Survey of India (GSI) has initiated a new look in the green field areas to identify new potential areas for iron ore occurrence both in BIF derived ores and also in other non BIF hosted set up. An area of around 5000 sq km has been tentatively identified for reconnaissance stage investigation (G-4 stage) to narrow down the target areas for future intensified mineral search through progressive higher stages of investigation.

[Ministry of Steel O.M. No.11014(14)/2012 dated 27.11.2013]

Recommendation Serial No.5.

The Committee note that the Scheme 'Promotion of Research & Development in Iron and Steel Sector' has been continued in 12th Plan with an allocation of Rs. 200 crore by the Planning Commission. The Committee also note that the scheme on 'Promotion of beneficiation & agglomeration of low grade iron ore and ore fines' is proposed to be implemented during 12th Five Year Plan. The Committee are, however, dismayed to note that during 2013-14 (BE), the fund allocation for Scheme for Promotion of Research and Development in Iron and Steel sector on on-going R&D projects was Rs. 12 Crore and for Development of innovative iron/steel making process/technology, it is Rs. 2 crores only.

What further perturbed the Committee is that for Scheme for promotion of beneficiation and agglomeration of low grade iron ore and ore fines, the allocation was nil. The Committee are not only surprised but also unable to comprehend the rationale behind not pursuing these much needed R&D schemes which will help in utilization of lower grade iron ore available in the country. As the funds so earmarked for such schemes forms only a minuscule of the huge overall budget of PSUs under administrative control of Ministry of Steel, the Committee are deeply anguished by the neglect of these important R&D projects by the Ministry and allocation of negligible funds for the innovative schemes. The Committee, therefore, strongly recommend that Ministry of Steel should take necessary steps to ensure allocation of sufficient funds towards research and development, innovation, technological advancement and promotion of pelletisation technology in the country. The Committee would like to be apprised of the measures taken by the Ministry in this regard.

Action Taken

For allocation of sufficient funds towards research and development, innovation, technological advancement and promotion of pelletisation technology in the country are given under reply to point No. 4.

<u>Steel Authority of India Limited (SAIL)</u>

1. For low grade iron ores/rejects utilisation, RDCIS, SAIL is pursuing one project titled "Beneficiation of iron ore slimes from Barsua mines", partly funded by Government Budgetary Support (GBS) of Ministry of Steel. The project aims to recover valuable iron minerals from the slimes/rejects of processing plant and reject slime with <45%Fe as per IBM guidelines. The capital cost envisaged in this project was Rs. 20.32 crores out of total project cost of Rs. 27.694 crores. After intense beneficiation test work carried out at national laboratories and at RDCIS, the process route is frozen. The capital cost for implementation of the scheme comes to around Rs. 55.57 crores. Additional fund is requested for achieving final objectives of the project.

2. For agglomeration of the iron ore fines concentrate, obtained by beneficiating the low grade iron ore, another project is being pursued by RDCIS, NML, IMMT & IIT, KGP through different approach. The project titled "Development of pilot scale pelletisation technology for Indian Goethitic / hematite ore with varying degree of fineness" aims to develop a process / optimise the variable parameters for producing heat hardened quality pellet for effective use in iron making. This project is also partly supported by Ministry of Steel through Government Budgetary Support (GBS) scheme. The total project cost envisaged is Rs. 41.8877 crores, out of which the capital cost is Rs.29.99 crore.

Rashtriya Ispat Nigam Limited (RINL)

RINL has given thrust on R&D and spent 53% higher during 2012-13 over 2011-12. Expenditure by RINL on R&D is shown below:-

	2011-12	2012-13	2013-14 (Plan)
Expenditure(in Crores)	20.29	31.13	50

RINL has finalized plan for major Research & Development with significantly higher spends during the next 4 years.

RINL does not have captive iron ore mines, but has been using the technology of Sinter Making, which is an agglomeration process to utilize iron ore fines, fluxes and metallurgical waste, at its integrated steel making facility at Visakhapatnam since inception.

RINL is also investing more in R&D by taking up projects in collaboration with different research institutes for better utilization of raw materials available within the country as given below:-

- **Preparation of metallised nuggets using Iron ore fines & metallurgical wastes** - Jadavpur University-Kolkata
- **Briquetting of Solid Metallurgical Wastes of RINL** - IMMT, Bhubaneswar
- **Development of value added ceramic products utilising solid wastes generated** - Central Glass & Ceramic Research Institute – Kolkata
- **Sintering with high micro fines content in iron ore**- IMMT, Bhubaneswar
- **Utilization of BF slag as a partial replacement for foundry silica sand** - Andhra University – Visakhapatnam

RINL has also taken up several R&D projects in the area of Development of Innovative Iron / Steel making process / Technology in collaboration with different research institutes of National repute like;

Lance tip design for optimal performance of BOF - Indian Institute of Technology, Kanpur. **Indigenous Development of Cold Rolled Grain Oriented (CRGO) Steel Sheets -** Participation along with MoS, National Metallurgical Laboratory (CSIR- NML), Jamshedpur and Tata Steel, Jamshedpur (estimated project cost would be Rs. 500 Cr). Planning commission has since accorded the in-principle approval, now memorandum for the Expenditure Finance Committee (EFC) is being formulated for Government approval.

Additionally, RINL is working with IMMT, Bhubaneswar on "Development of Futuristic Technology for carbon free production using alternate reductants like hydrogen with minimum or no CO_2 emission" funded by Ministry.

Memorandum of Understanding has been signed by RINL with McMaster University's Faculty of Engineering, Canada concerning the development of International Research and Development linkages.

NMDC Limited (NMDC)

With respect to NMDC, the Company has already decided to set up 2 pellet plants one in the state of Karnataka (1.2 MT/Annum) and another in the state of Chhattisgarh (2MT/annum).

[Ministry of Steel O.M. No.11014(14)/2012 dated 27.11.2013]

CHAPTER – III

RECOMMENDATIONS/OBSERVATIONS WHICH THE COMMITTEE DO NOT DESIRE TO PURSUE IN VIEW OF THE GOVERNMENT'S REPLIES

-NIL-

CHAPTER – IV

RECOMMENDATIONS/OBSERVATIONS IN RESPECT OF WHICH REPLIES OF THE GOVERNMENT HAVE NOT BEEN ACCEPTED BY THE COMMITTEE

Recommendation Serial No.2.

The Committee observe that against the 28.526 billion tonnes (17.84 billion tonnes Haematite, 10.64 billion tonnes Magnetite) of iron ore resources in the country, most of the magnetite resources (about 37%) of the total iron reserves are not available for mining due to prohibition imposed by Hon'ble Supreme Court in Western Ghats and similar other sensitive environmental zones. The Committee have been further given to understand that only about 18 billion tonnes i.e. less than half of the proved reserves are economically exploitable. The Committee find that at present the production of steel in the country more or less commensurate with the demand, but at the same time, the Working Group on steel industry for the 12th Plan has projected the requirement of 206.2 million tonnes by the year 2016-17, against the total iron ore requirement from 135.7 million tonnes in 2012-13. Taking note of the fact that millions of tonnes of iron ore is still being exported and the iron ore in the country will not last more than 25 years and keeping in view the production, demand projections, compounded with annual growth rate of 7.8%, the Committee strongly recommend that there is an immediate need for reduction of export of iron ore for the purpose of serving of our steel Industries for future.

Recommendation Serial No.3.

The Committee are anguished to note that although the Planning Commission have observed that the present proven reserves of iron ore in the country may not be sufficient to meet the requirement of iron ore for the domestic iron and steel industry beyond next 25 years, 486.91 million tonnes of iron ore worth Rs. 1,85,139.91 crore were exported from the country during the 11th Plan Period. The Committee are further unhappy to note that the export of iron ore from the country was 117.37 million tonnes and 97.66 million tonnes during 2009-10 and 2010-11 against 78.14 million tonnes during 2004-05. Although, the Committee find a declining trend in respect of export of iron ore which was reduced to 61.74 million tonnes during 2011-12 and during the first half of 2011-12, the export of iron ore was just 30.75 million tonnes. What still perturbs the Committee is the fact that more than one third (36.9%) of iron ore produced in the country was exported during 2011-12. The Committee further note that though the export duty has been hiked to 30% ad-valorem from 30.12.2011 on export of iron ore excluding pellets, 14.4

million tonnes out of a total 71.75 million tonnes iron ore produced in the country (20 percent of the production) were exported during April to September, 2012-13. In view of the huge export of iron ore from the country, the Committee disapprove the present iron ore export policy of the Government where it was decided that although conservation of iron ore resources is of the paramount importance, the same may not be achieved by banning or capping the export of iron ore but by taking recourse to appropriate fiscal measures. Although, the Government have claimed that imposition of higher rate of export duty on iron ore has resulted in an effective measure to discourage iron ore export from the country, the Committee feel that this will not help for long term conservation of iron ore as required by steel industries in the country. The Committee therefore, strongly recommend that the Government should take appropriate measures either by further increasing the export duty beyond 30% or gradually reducing the export of iron ore to ensure that this scarcely available national asset is reserved for the growth of the country. If possible, the Committee recommend total banning of export of iron ore for the purpose of saving steel industries in future.

Action Taken

Ministry of Steel is not in favour of banning export of iron ore. However, custom duty on export of iron ore has been increased to 30% to discourage export of iron ore and encourage domestic value addition and improve its availability to the domestic steel industry

NMDC Limited (NMDC)

As informed by Department of Commerce requirement of iron ore for the domestic steel industry is a priority and should be met first. Only the surplus, if any, may be exported.

Further as informed by Department of Commerce increase in export duty needs to be seen in a macro context. The present export duty at 30% ad valorem is already a high rate. Any further increase affecting exports will also have adverse impact on the current account deficit. Further, the use of 'ban' as an instrument of trade policy is not WTO compatible. Article XI of GATT states that no prohibition or restriction other than duties, taxes or other charges shall be instituted or maintained in relation to the exportation of goods.

[Ministry of Steel O.M. No.11014(14)/2012 dated 27.11.2013]

Comments of the Committee
(Please see para 8 of Chapter I of the Report)

Recommendation Serial No.4.

The Ministry of Steel have apprised the Committee that Haematite and Magnetite are the two main varieties of iron ore. As per Indian Bureau of Mines (IBM), major resources of Haematite are located in the States of Odisha, Jharkhand, Chhattisgarh, Karnataka and Goa. The balance resources of Haematite are spread in Andhra Pradesh, Assam, Bihar, Maharashtra, Madhya Pradesh, Meghalaya, Rajasthan and Uttar Pradesh. India's 97% Magnetite resources are located in four States, namely, Karnataka, Andhra Pradesh, Rajasthan and Tamil Nadu. The Committee feel that exploration of ore with modern technology will further improve the qualitative availability of iron ore in the country. The Committee therefore, recommend that Ministry of Steel should prepare a time bound action plan for detailed exploration of untapped potential sources of iron ore for mining to enhance production. The encouragement for introducing state-of-art technology and scientific approach in the existing iron ore mines for enhancing the production is essentially required and therefore, the Committee strongly feel that funds may be allocated towards expansion and exploration of new iron ore mines in this regard.

Action Taken

Haematite and magnetite are the two important iron ores from which iron is extracted. Of these, haematite is considered to be superior owing to its high grade. Commercial deposits of hematite are mostly of bedded type confined to banded iron formation. Magnetite the other iron ore mineral is confined to metamorphosed sedimentary rock (banded iron formation) although magnetite occurs in igneous rocks also.

Total resources potentiality of hematite – magnetite iron ore is yet to be known in the country. Previously the resource and reserves were calculated based on 55% Fe as cut- off to produce mineable ore. After lowering of threshold value of iron ore by Indian Bureau of Mines (IBM), in lease free, non forest areas assessment of low grade iron ore (+45%Fe) is being undertaken by GSI to augment the iron ore resources. Evaluation of future exploration programmes on low grade iron ore in free hold areas for both fresh as well as reassessment has been initiated after assessing the data from the available mineral investigation reports and other relevant documents.

In the leasehold area, the job must rest with the lessee. IBM has to monitor and take active role in the leasehold area for proper inventory of iron ore. The areas where exploration was carried out earlier and the deposits are kept for stand alone or captive mining, exploration data have to be examined by the State Government. Once the leases are granted for those areas the lessee must do total assessment of the property considering Fe cut off both at 45% and 55%. If there is future plan of auctioning those deposits, the state Governments may consider for carrying out exploration in totality for proper valuation of the property.

Status of exploration within identified potential domains

The assessment of potential area for iron ore exploration indicates that the total potential area for iron ore in different geological domains so far evaluated in the country is around 7000 sq km. Out of the potential areas of 7000sq km, the area explored is around 5900 sq. km. As per the available information so far received the lease hold areas within the explored area is around 890 sq km. Therefore the explored free hold areas is around 5000 sq km and the total unexplored areas is around 1100 sq km. Therefore the potential explored area warranting reassessment is around 4000 sq km.

New prospective areas for iron ore exploration

Although economically viable deposits exist in different geological setups, bulk of the country's ore supplies are from deposits of BIF derivation (BHQ/BHJ/BMQ). GSI has initiated a new look in the green field areas to identify new potential areas for iron ore occurrence both in BIF derived ores and also in other non BIF hosted setup. An area of around 5000 sq km has been tentatively identified for reconnaissance stage investigation (G-4 stage) to narrow down the target areas for future intensified mineral search through progressive higher stages of investigation.

Strategy for iron ore exploration

Iron ore exploration in Greenfield area within already identified potential domain.

On the basis of evaluation of time schedule vis-à-vis field components in mineral investigations carried out by GSI under different stages of investigation, a tentative time frame can be outlined for future exploration in the unexplored area within the already identified potential areas. The evaluation of exploration data indicates that roughly 2-3% of the potential area comes out to be the actual mineralized zone.

Iron ore exploration in new identified Greenfield areas

Reconnaissance stage investigation (G-4 stage investigation) for an area of 5000 sq km is being planned in newly identified Greenfield areas in designated belts. The aim of this reconnaissance investigation is to identify and narrow down the target areas for future intensified mineral search through delineating favourable segments of areas for iron ore mineralization within the Greenfield areas.

The fixation of quantum of work will be guided by geological set up of the particular areas and exposure conditions. A rough estimate of the Greenfield areas identified for reconnaissance investigation indicates that nearly 4000 sq km lies in peninsular portion and roughly 1000 sq km is within extra peninsular region. With the available resources this identified area covering around 5000 Sq. K.M would be covered through Central Government level investigation within the span of the 13th Plan.

Re-assessment in the Explored areas in peninsular India

GSI is formulating scheme of reassessment of iron ore, due to the lowering of threshold values to 45% Fe, in the explored areas through fresh resource estimation of the entire spectrum of mineralized zones including low grade portions at lower cut off which normally occurs within the profile of the mineralized zone in the following modes:

(v) Low grade partings within the high grade ore (Shaly Ore).
(vi) In hanging wall and footwall side of the ore zone or as separate bands.
(vii) On top of lateritic profile(Lateritic and limonitic ore)
(viii) As bottom of established ore within zone of enrichment above proto ore.

GSI has tentatively identified the group of hematite deposits in different iron ore belts of the country where reassessment of resource potential at lower cut off is required.

Tentative time frame for accomplishment of work

A preliminary assessment of the requirement of drilling in explored areas indicates that it will tentatively involve a drilling of 65,000 meters with average of 120 meters per borehole. Therefore, 540 nos. of boreholes are tentatively to be drilled in the explored areas. It is estimated that with the available resources the reconnaissance survey for iron ore may be completed by the 13th Plan.

The Working Group on Steel Industry for the 12th Five Year Plan, in addition to the on going R&D Scheme 'Promotion of Research & Development in Iron & Steel Sector', had recommended the interest subsidy scheme 'Promotion of Beneficiation & Agglomeration of low grade iron ore & ore fines' with an estimated budget of Rs. 2417 crore for the 12th Five Year Plan period. However, Planning Commission allocated only Rs. 200 crore to Ministry of Steel for the 12th Five Year Plan. Due to the insufficient allocation, the aforesaid interest subsidy scheme could not be taken up. It is also pertinent to state that the interest subsidy scheme was not on R&D but for promoting capacity building for Beneficiation & Agglomeration of low grade iron ore & ore fines.

However, the recommendation/ observation of the Committee have been taken up with the planning Commission with a request to allocate sufficient funds to run the aforesaid interest subsidy scheme.

It is however, informed that Government has been pursuing R&D on Beneficiation & Agglomeration of low grade iron ore & ore fines under the on-going scheme of 'Promotion of Research & Development in Iron & Steel Sector'. In fact, the main emphasis on R&D under the aforesaid scheme in the 11th Five Year plan was Beneficiation & Agglomeration & Ind the Scheme has been continued in the 12th Five Year Plan Period.

The following R&D projects are being pursued under the aforesaid scheme:-

- Improvement in sinter productivity through deep beneficiation and agglomeration technologies for rational utilization of low grade iron ores and fines by National Metallurgical Laboratory (CSIR-NML) Jamshedpur.

- Alternate complementary Route of Iron/Steel making with reference to Indian raw material viz. low grade iron ore and non coking coal (adopting beneficiation of low grade ore) by National Metallurgical Laboratory (CSIRNML) Jamshedpur.

- Beneficiation of Iron Ore slimes from Barsua and other mines in India by Research & Development Centre for Iron & Steel (RDCIS), SAIL, Ranchi.

- Development of pilot scale pelletization technology for Indian Goethitic/ hematite ore with varying degree of fineness by Research & Development Centre for Iron & Steel (RDCIS), SAIL, Ranchi.

In addition to the above one more R&D project viz. 'Quality Improvement of Low Grade Iron Ore' is being pursued by RDCIS, SAIL, Ranchi, with financial assistance from Steel Development Fund.

Steel Authority of India Limited (SAIL)

About 97% magnetite resources are located in four states of Andhra Pradesh, Rajasthan, Karnataka and Tamilnadu. Out of which, major magnetite resources are in the Western Ghat area that could not be exploited due to environmental concern. Considering the importance of natural resources as well as of environment preservation together, feasibility of underground mining may be explored at Western Ghat area. However processing of mined out iron ore from Western Ghat may be carried out outside the forest area.

In the year 2012-13, SAIL mines have produced about 21.48 million tonnes of iron ore for its steel plants. To meet the enhanced requirement of iron ore for ongoing capacity expansion, the production capacity of existing mines at Gua, Bolani, Kiriburu, Meghahatuburu are being expanded to their maximum potential. As a result, iron ore production capacity of SAIL mines will be enhanced to about 40 Mtpa in the next 2 years time which will take care of the iron ore requirement for ongoing hot metal capacity expansion to 23.46 Mtpa. Further new mines are planned to be developed at Rowghat, Chiria and Taldih.

SAIL is now ramping up hot metal capacity to approx 24 million tonnes per annum (Mtpa), & plans to embark on the next phase of expansion to raise it further to about 50 Mtpa by 2025. In order to meet enhanced requirement of iron ore of about 83 Mtpa by 2025 and beyond, new iron ore mines have to be developed as the reserve in existing operating iron ore mines may get depleted in due course of time. For this, SAIL has submitted PL/ML applications to the State Govt. of Jharkhand, Odisha, Chhattisgarh, Rajasthan, Karnataka, Tamilnadu, Uttar Pradesh and Maharashtra. The matter is being constantly pursued with the respective State Governments.

In order to further enhance resources of iron ore in the area where forest clearances were available, the drilling of about 30,000 meters in last 5 years has been carried out in SAIL mines. During 2013-14, there is further plan of exploratory drilling of about 12,000 meters by Mineral Exploration Corporation Limited (MECL) in SAIL iron ore mines.

Most of SAIL iron mines are in the area of reserves forest where presently forest clearances are not available and exploratory drilling for resource enhancement could not be taken up. Therefore attempt is being taken up to explore these areas through Geomagnetic/Geophysical surveys.

NMDC Limited (NMDC)

With respect to NMDC, the Company has already planned expansion of its iron ore mining capacity from the existing 32 million Tonne per year to 46.5 MT per year by end of twelfth five year plan (2016-17) and 52.5. MT by the year 2010-21.

Mineral Exploration Corporation Limited

Mineral Exploration Corporation Ltd is a public sector undertaking functioning under Ministry of Mines. MECL, with its well developed infrastructure and expertise, is committed to execute cost and time effective comprehensive programme(s) from reconnaissance survey to detailed exploration of minerals and developmental mining projects on a turn key basis.

At present, Mineral Exploration Corporation Limited is carrying out detailed exploration work for iron ore as per the details given below:

(i) MECL has entered into MoU with M/s. Steel Authority of India Ltd (SAIL), to carry out detailed exploration of new iron ore deposits as well as in existing mines including geological services and preparation of geological report. The exploratory drilling activities includes core drilling and RC drilling in different mine areas of SAIL (Bhilai Steel Plant & Raw Material Division). The period of MoU is upto February 2015.

(ii) MECL has also entered into MoU recently with Rashtriya Ispat Nigam Ltd (RINL) for a period of 5 years, to carry out detailed exploration for iron ore, limestone and other minerals. Under this MoU, MECL proposes to take up exploration work for various iron ore prospects allocated to RINL in different parts of the country.

MECL is further enhancing its capacity in iron ore exploration by procuring one RC drilling rig and accordingly MECL fully equipped to take up detailed exploration for new iron ore prospects in the country in addition to above, depending on the availability of work.

[Ministry of Steel O.M. No.11014(14)/2012 dated 27.11.2013]

Comments of the Committee
(Please see para 11 of Chapter I of the Report)

Recommendation Serial No. 7 and 8

Recommendation Serial No. 7

18. The Committee note that a large quantity of iron ore, mainly fines, are being exported from the country on the plea that the country does not have adequate facilities for use of fines and therefore, these fines have to be exported for economic and environmental reasons. The Committee find that to encourage optimum utilization of iron ore resources of the country and to improve domestic utilization of low grade iron ore and fines through beneficiation and pelletization, import duty on plants and equipments used for initial setting up and substantial expansion of beneficiation and pelletization plants has been reduced from 7.5% to 2.5% in the General Budget for year 2012-13. Besides, export duty on

pellets has been reduced to zero. Though, appreciating the Ministry of Steel for this prudent measure of reducing import duty on plants and equipments used for initial setting up and substantial expansion of beneficiation and pelletization plants, the committee do not concur with the decision of the Government to reduce export duty on pellets to zero. The Committee are of the opinion that imposition of higher export duty on iron ore fines and non-exemption from export duty to pellets will give an impetus to setting up of pelletization plants in the country by the stand alone miners. Setting up of more pelletization plants will also generate employment opportunities and will also generate more revenue in terms of value added products. The Committee have been informed that Pelletization capacity increased from about 18 MT in 2006 to about 48 MT in 2012 and Sintering Capacity increased from about 30 MT in 2006 to about 57 MT in 2012. Also, Pelletization and Sintering capacities are expected to go up to 84 Mt and 86 MT respectively by 2015. In the context of pelletisation capacity, the Committee desire that a comprehensive study on the impact of the free export of pellets should be carried out by the Ministry of Steel, and the Committee would also like to be apprised of the facts and progress in this regard. At the same time, taking note of the present pelletisation capacity in the country which is highly inadequate, the Committee would like the Ministry to take immediate steps to create sophisticated iron ore beneficiation facility followed by pelletisation so that lower quality of iron ore produced in the country is fully utilized by domestic steel plants.

Recommendation Serial No. 8

19. Till recent past, the domestic steel industry was mainly using higher grades of iron ore due to their easy availability. As per a study done by Economic Research Unit under Ministry of Steel during 2007 on 'Iron ore fines utilization in India', there will be rapid demand of iron ore fines by domestic steel industry as the technology matrix of the various capacity expansion plans and new steel plants is heavily biased towards technologies using agglomerated fines. The Committee has taken note that as per this study, the share of fines in steel making in country is

further likely to increase from 52.2% during 2005-06 to an estimated about 72% by 2019-20. Taking note of the rapid depletion of high grade iron ore reserves in the country, the Committee feel that steel industry should come up with an investment plan in beneficiation and agglomeration (sintering and pelletization) facilities for utilizing low grade iron ore fines also. The Committee, therefore recommend that the Government should come with a policy measure to ensure that all the upcoming new steel plants and expansion of existing steel plants should be based on technologies, which can utilize iron ore fines and desire that 100% utilization of iron ore fines be achieved by the end of 12th plan period.

20. The Ministry of Steel in their action taken reply to the above two recommendations have informed the Committee as follows:-

The iron ore beneficiation / pelletisation capacity is increasing as per the demand of the steel sector and cost competitiveness associated with it. Steel is a deregulated sector and decisions regarding setting up new facilities for pelletisation / ore beneficiation are taken by the project proponents. Government has already incentivized these activities by taking appropriate fiscal measures like rebate in import duty on plant / machinery.

In the case of a deregulated sector like steel, the Government plays the role of a facilitator and commercial decisions regarding use of a particular technology etc. are taken by the industry and the entrepreneurs concerned. However, to facilitate setting up of pellitisation plants in the country, the Government has reduced the Basic Custom Duty on capital goods equipment required for initially setting up or substantial expansion of iron ore pellet plants and iron ore beneficiation plants, from 7.5% to 2.5% since 2012-13. There are technological limitations also and development of suitable technology may not be given a time limit. However, Government, recognizing the importance of the issue, would facilitate development of such technologies as a matter of policy.

Steel Authority of India Limited (SAIL)

From mineral conservation point of view it is essential to plan for utilization of total resource including the low grade ore by blending, beneficiation and agglomeration techniques. While SAIL has extensive facilities for blending and agglomerations (sintering) at its plants, efforts are being made for mineral conservation by utilizing iron ore slimes (generated after washing/processing and lying in tailing ponds) and low grade fines through large scale beneficiation and pelletisation at various locations. Process has already been initiated for installation of 4 MTPA capacity pellet plant at Gua, 2 MTPA at Rourkela Steel Plant (RSP) and 1 MTPA at Dalli mine. This would also improve the quality of burden to blast furnaces.

After ongoing capacity expansion programme, the sinter capacity in the SAIL Steel plants would increase from present level of about 17 Mtpa to 30 Mtpa by 2015-16. Under this expansion, new sinter plants of 3.80 Mtpa capacity each at RSP and ISP are already commissioned.

In SAIL for steel making, BF/BOF route is in place which utilizes iron ore in form of lump and agglomerated fines in form of sinter which constitutes 70 % of BF burden. With installation of large size Blast Furnaces (4060m3 commissioned at RSP & another coming soon at ISP) with the state of the facilities in future the need for agglomerated burden (sinter + pellet) will further increase up to the level of 80%. With these SAIL is aiming for utilization of 100 % fines.

<u>Rashtriya Ispat Nigam Limited (RINL)</u>

RINL has been using Sintering Technology which can utilize iron ore fines, since inception. RINL- had installed two Sinter Machines under 3Mtpa Plant to produce about 5.3 Mt of sinter using iron ore fines. RINL-VSP has been utilizing nearly 70% of iron ore fines in its charge sinter since inception.

New Sinter Plant (SP#3) with capacity of 3.61Mt has been commissioned under 6.3 Mtpa expansion programme. This will further enhance the usage of iron ore fines.

As a further step in this direction, RINL along with NMDC has undertaken to set up a Pelletisation plant of capacity of around 6 Mtpa in Visakhapatnam. The input material would be iron ore concentrate prepared by NMDC using iron ore fines at their mine-head in Bailadilla. It is also planned, as part of JV, to lay a pipe line of capacity 13 Mtpa to carry iron ore slurry from Nagarnar to Visakhapatnam.

<u>NMDC Limited (NMDC)</u>

With respect to NMDC, the Company is setting up two pellet plants and both are being set up by using Pellet Plant Feed (PPF) produced from low grade iron ore by beneficiating them at respective beneficiation plants also being set-up by NMDC.

[Ministry of Steel O.M. No.11014(14)/2012 dated 27.11.2013]

Comments of the Committee

(Please see para 15 and 16 of Chapter I of the Report)

Recommendation Serial No.9.

The Committee have been informed that iron ore export of NMDC's is being done through MMTC as per decision taken by the Union Cabinet from time to time and last such long term contract was signed in 2012-13 for a period of 3 years i.e. till 2014-15. Though Ministry of Steel have apprised the Committee that NMDC exports a very small percentage of the total exports of the country and the quantum of export has decreased from 3.78 MT in 2007-08 to 0.39 MT during 2011-12, the Committee are not in agreement with the views of the Ministry and desire that NMDC's iron export contract be reviewed immediately so as to make the availability of iron ore for the domestic industry in required quantity.

Action Taken

NMDC Limited (NMDC)

With respect to NMDC, the Company has entered into long-term agreement with Japanese Steel Mills (JSMs) & POSCO, South Korea during 2012-13 for a validity period of 3 years (i.e. upto 2014-15) in accordance with the decision of Union Cabinet.

Recommendation Serial No.10.

The Committee note that iron ore, a non-renewable and critical raw material for steel industry is poised for huge capacity expansion and according to the Ministry of Steel, policy measures are needed to conserve this resource for long term requirement of domestic steel industry. The Committee are however, concerned to note that as per the present foreign trade policy regarding export of iron ore, iron ore upto 64% Fe content is freely allowed. Further, export of iron ore of Goa origin is freely allowed to China, Europe, Japan, South Korea and Taiwan (irrespective of Fe content) and export of iron ore from Redi region to all markets (irrespective of Fe content) is also freely allowed. As regards export of iron ore with Fe content above 64%, the Committee find that these exports were canalized through MMTC and high grade iron ore not exceeding 1.8 million tonnes(lumps) and 2.7 million tonnes (fines) from Bailadila, Chhattisgarh is allowed to be exported. In view of the free trade of iron ore upto 64% Fe content and even export of higher grade of iron ore, the Committee recommend that the Government should take immediate necessary policy measures not only to ban the export of iron ore reserves of higher grade but also those upto 64% Fe content which are presently freely allowed. In view of the limited beneficiation agglomeration facilities in the country, the Committee feel that the high grade iron ore with Fe content more than 64% from Bailadila, Chhattisgarh which can be used by the existing steel plants should not be permitted for export and be made available to meet the requirement of domestic steel industry.

Action Taken

Export of high grade ore is permitted only for export by MMTC / NMDC to Japan and South Korea under Long Term Agreements (LTAs) which have been in existence since 1970. Presently, the LTAs have been renewed for the period from 01-04-2012 to 31-03-2015 with the approval of the Cabinet in view of our long-term strategic relationship with these countries.

Total ban over export of iron ore is not considered to be the only way to discourage export of iron ore and to improve availability of iron ore for domestic consumers. Government has been, on the recommendations of Ministry of Steel, increasing export duty on iron ore and at present it is at 30%.

NMDC Limited (NMDC)

As informed by Department of Commerce Export of high grade ore is permitted only for export by MMTC/NMDC to Japan and South Korea under Long Term Agreements (LTAs) which have been in existence since 1970. Presently, the LTAs have been renewed for the period from 1.4.2012 to 31.3.2015 with the approval of the Cabinet in view of our long-term strategic relationship with these countries.

[Ministry of Steel O.M. No.11014(14)/2012 dated 27.11.2013]

Comments of the Committee

(Please see para 21 and 22 of Chapter I of the Report)

CHAPTER – V

OBSERVATIONS/RECOMMENDATION IN RESPECT OF WHICH FINAL REPLIES OF THE GOVERNMENT ARE STILL AWAITED

Recommendation Serial No.6.

The Committee note that as per the estimates of Ministry of Steel, the present reserves of iron ore in the country may not be sufficient to meet the requirement of domestic iron and steel industry beyond next 20 to 25 years. The Committee feel that the policy regarding exploitation of iron ore reserves should aim at attracting investment in steel making capacity in the country so that the value additions and export of finished products are promoted instead of exporting raw materials. Conservation of iron ore, particularly of higher quality should be the most critical component of this policy. Though the Government have contended that there is no shortage of iron ore at present for domestic iron and steel industry, the recent developments in India's mining sector have given rise to uncertainties in regard to adequate supply of raw material potential, especially of iron ore and have brought the issue of long term raw material security for India's burgeoning steel industry to the centrestage. The currently assessed reserves for iron ore seems inadequate if the steel industry capacity expansion and production potential are to be fully utilized. The committee expresses concern over uncertain situation regarding availability of raw materials and their imprudent utilization for domestic iron and steel industries. Therefore, taking into account the iron ore requirement for the domestic iron and steel industry which from the present level of 135.7 MT in 2012-13 is likely to be 206.2 MT by 2016-17, the Committee recommend that iron ore resources need to be preserved for domestic utilization as a long term measure. The Committee, therefore, would like the Ministry of Steel to draft a new Steel Policy keeping in view the long term goals of future sustainability of iron ores in the country.

Action Taken

New National Steel Policy is in draft stage and the recommendation regarding long term goals of future sustainability of iron ore in the country would be duly taken care of, in consultation with the Ministry of Mines.

[Ministry of Steel O.M. No.11014(14)/2012 dated 27.11.2013]

<u>Comments of the Committee</u>

(Please see para 8 of Chapter I of the Report)

NEW DELHI; **KALYAN BANERJEE**
17 February, 2014 **Chairman**
28 Magha, 1935 (Saka) **Standing Committee on Coal and Steel**

Annexure-II

MINUTES OF THE SITTING OF THE STANDING COMMITTEE ON COAL AND STEEL HELD ON 17 FEBRUAY, 2014 IN COMMITTEE ROOM 'E', PARLIAMENT HOUSE ANNEXE, NEW DELHI.

The Committee sat from 1500 hrs. to 1530 hrs.

PRESENT

Shri Kalyan Banerjee - Chairman

LOK SABHA

2. Shri Hansraj G. Ahir
3. Shri Sanjay Bhoi
4. Smt. Jyoti Dhurve
5. Shri Ganeshrao Nagorao Dudhgaonkar
6. Shri Govind Prasad Mishra
7. Shri Rajaram Pal
8. Shri Om Prakash yadav

RAJYA SABHA

9. Dr. Pradeep Kumar Balmuchu
10. Shri Dhiraj Prasad Sahu

SECRETARIAT

1. Shri Abhijit Kumar	-	Joint Secretary
2. Shri Shiv Singh	-	Director
3. Shri Arvind Sharma	-	Additional Director

WITNESSES

MINISTRY OF STEEL

1. Shri G. Mohan Kumar, Secretary(Steel)
2. Shri Lokesh Chandra, Joint Secretary(Steel)

3. Shri Syedain Abbasi, Joint Secretary(Steel)
4. Shri Malay Chhatterjee, CMD, KIOCL Ltd.

2. At the outset, Chairman welcomed the Members and representatives of the Ministry of Steel and KIOCL Ltd. to the sitting of the Committee. The Committee, then sought clarification of the representatives of the Ministry of Steel and KIOCL Ltd. on the issues of imposition of export duty on pellets.

The witness then withdrew.

3. The Committee thereafter took up for consideration the following Draft Reports:-

(i) Draft Report on the subject 'Marketing and Transportation of Steel by Public Sector Steel Companies' relating to the Ministry of Steel;

(ii) Draft Report on Action Taken by the Government on the observations / recommendations contained in the Thirty-Eighth Report of the Committee on "Review of Export of Iron Ore Policy" pertaining to the Ministry of Steel.

4. The Committee adopted the Reports without any changes/modifications. The Committee then authorized the Chairman to finalise the Reports on the basis of factual verification from the concerned Ministry and present the same to both the Houses of Parliament.

The Committee then adjourned.

ANNEXURE-III

(Vide Para IV of Introduction)

ANALYSIS OF ACTION TAKEN BY THE GOVERNMENT ON THE RECOMMENDATIONS CONTAINED IN THE THIRTY-EIGHTH REPORT OF THE STANDING COMMITTEE ON COAL AND STEEL

I. Total No. of Recommendations made 10

II. Recommendations that have been accepted by the Government *(vide* recommendation at Sl. Nos. 1 and 5) 02

Percentage of total 20%

III. Recommendations which the Committee do not desire to pursue in view of the Government's replies(vide Recommendation at Sl. No. Nil) 00

Percentage of total 0%

IV. Recommendations in respect of which replies of the Government have not been accepted by the Committee

(vide recommendation at Sl. Nos. 2,3,4,7,8, 9 and 10) 07

Percentage of total 70%

V. Recommendations in respect of which final replies of the Government are still awaited (*vide* recommendation at Sl. No. 6) 01

Percentage of total 10%

P.B.
(TRUE COPY)

https://www.thehindubusinessline.com/news/fimi-alleges-major-irregularities-in-export-of-iron-ore-pellets/article32507205.ece

FIMI alleges major irregularities in export of iron ore pellets

Our Bureau New Delhi | Updated on September 02, 2020

The Federation of Mineral Industries has alleged that illegal export of iron ore pellets is currently happening from the country. These exports are in contravention to the Directorate General of Foreign Trade's (DGFT's) export policy enunciated in 2018, according to the mining industry body.

"We understand that few integrated steel producers are advocating for restriction on iron-ore exports from the country on the plea that the domestic steel industry is not able to meet its full iron ore requirement from the domestic sources. While the domestic steel industry is using only high grade iron ore of more than 62 per cent iron, these integrated steel producers want all iron-ore and raw materials in the country to be blocked for their use," the FIMI letter said.

"On the contrary, the same players have been illegally exporting pellets (usually containing more than 64 per cent iron), which is only a substitute for high grade iron-ore lumps and is a precious input needed by the domestic steel and sponge-iron plants," this letter to Steel Minister Dharmendra Pradhan alleged.

According to FIMI, as per DGFT's ITC (HS), 2018 Export Policy, only the iron ore pellets manufactured by Kudremukh Iron Ore Company Limited (KIOCL) are allowed to be exported.

"All other pellet producers are therefore exporting pellets in total violation of the Government's policy. Not only are they exporting pellets illegally, they are also claiming 1 per cent duty drawback from the Government. According to our estimate, during 2013-2020, there has been illegal export of pellets to the extent of ₹ 25,145.36 crore (this has ₹24,896.40 crore as value of exports and ₹248.96 crore as duty drawback) by companies other than KIOCL," the FIMI letter said.

"The hypocrisy of the pellet exporters can be observed from the fact that they are advocating scarcity of raw materials (iron-ore) on one hand and illegally exporting pellets, which is a much more precious commodity containing iron ore (with 64 per cent or more iron). These integrated steel producers have been creating an unwarranted scare that raw material is being exported," FIMI alleged.

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https://www.financialexpress.com/economy/fimi-urges-centre-to-immediately-put-complete-ban-on-illegal-export-of-iron-ore-pellets/2135471/

FIMI urges Centre to immediately put complete ban on illegal export of iron ore pellets

By: PTI |

November 24, 2020 4:47 PM

The steel sector has been facing an acute shortage of iron ore, which is a key raw material for making steel. "It can starkly be observed that 9 million tonnes of iron ore pellets have been exported mainly illegally by the pellet manufacturers other than KIOCL.

Miners' body FIMI has urged the Centre to immediately put a complete ban on illegal exports of iron ore pellets stating that such a move would help meet the domestic requirement of the key material used in making steel.

In a recent letter to Steel Minister Dharmendra Pradhan, FIMI also made a plea to the government for urgent intervention to introduce a price monitoring and regulation mechanism for sale of steel by integrated producers so as to ensure that there is no unreasonable hike in domestic steel prices due to any increase in international iron ore prices.

"We also request you to put immediately complete ban on illegal exports of iron ore pellets by private entities other than exports by KIOCL. Such a facilitation would lead to meet the requirement of iron ore of domestic steel industry to this extent," the Federation of Indian Mineral Industries (FIMI) said.

The steel sector has been facing an acute shortage of iron ore, which is a key raw material for making steel. "It can starkly be observed that 9 million tonnes of iron ore pellets have been exported mainly illegally by the pellet manufacturers other than KIOCL.

"Moreover, 62-64 per cent Fe (iron) is required for manufacturing of pellets. Had this illegal exports of pellets by private entities not been allowed, domestic steel industry would have met their requirement to that extent," FIMI said.

P.B.
(TRUE COPY)

(2011) 15 Supreme Court Cases 599

(*Record of Proceedings*)

a (BEFORE S.H. KAPADIA, C.J. AND AFTAB ALAM AND SWATANTER KUMAR, JJ.)

GOVERNMENT OF ANDHRA PRADESH AND OTHERS . . Petitioners;

Versus

b OBULAPURAM MINING COOPERATIVE PRIVATE LIMITED AND OTHERS . . Respondents.

SLPs (C) Nos. 7366-67 of 2010† with Nos. 32690-91 of 2010, etc., decided on August 5, 2011

Environment Protection and Pollution Control — Environmental degradation — Reclamation and rehabilitation — Direction to undertake macro-level EIA study by ICFRE in respect of Bellary District — NMDC has mining leases in Bellary District — In extraordinary circumstances, NMDC alone be allowed to operate its mines to the extent of providing one million tonnes per month — Differential rate of royalty will be deployed for rehabilitation purpose of concerned area — NMDC will sell iron ore production in consultation with Ministry of Steel, Government of India and no part shall be exported outside India till further orders — State of Karnataka to submit reclamation and rehabilitation plan of Bellary District within three months

J-M/48837/S

ORDER

e **1.** We direct macro-level EIA study to be undertaken by Indian Council of Forestry Research and Education ("ICFRE", for short) in collaboration with Wildlife Institute of India, FSI and such other domain experts, as may be decided by ICFRE in consultation with the Ministry of Environment and Forest ("MoEF", for short). This would be in respect of Bellary District. MoEF will frame a detail terms of reference for the proposed study within f one week.

2. The macro-level EIA study shall also indicate whether the district of Bellary constitutes one single environmental unit or it constitutes more than one unit with different degrees of environmental degradation. The report shall be submitted within three months. It shall be open to the FIMI and the petitioner in Writ Petition (C) No. 562 of 2009 to provide necessary inputs to g ICFRE, which will also be taken into account while submitting the macro-level EIA study report.

3. NMDC has mining leases in Bellary District. The particulars of lessee-wise iron ore production for the mines held by NMDC is given hereinbelow:

h

† From the Judgment and Order dated 26-2-2010 in WPs Nos. 25910 and 26083 of 2009 of the High Court of Andhra Pradesh at Hyderabad

Sl. No.	*Lessee name*	*ML No.*	*Extent (hect.)*	*IBM Consent (MTPA)*	*Status*	*2008-2009 (In metric tonnes)*		*2009-2010 (In metric tonnes)*		*2010-2011 (In metric tonnes)*	
Hospet Sector						*Production*	*Dispatch*	*Production*	*Dispatch*	*Production*	*Dispatch*
1.	NMDC	1111	647.5	7.0000	Working	14,88,875.00	5,43,373.00	4,57,052.00	7,01,745.00	0.00	8,13,978.00
2.	NMDC	2396	608	7.0000	Working	54,37,621.00	51,12,617.00	55,82,289.00	54,85,528.00	42,17,862.00	44,27,172.00

4. We are informed that, as far as Sl. No. 1 is concerned, the production is "nil" for Financial Year 2010-2011 ending on 31-3-2011. This is on account of stay order given by the High Court of Karnataka in Writ Appeals Nos. 1134-35 of 2009. As far as Sl. No. 2 is concerned, that problem does not exist.

5. In order to balance the environmental concerns with economic development and keeping in mind the mandate of Article 21 of the Constitution, including intergenerational equity, we are of the view that in extraordinary circumstances, NMDC alone be allowed to operate its mines under Sl. Nos. 1 and 2 to the extent of providing one million tonnes per month commencing from 6-8-2011 till further orders.

6. Further, we make it clear that the State of Karnataka will charge royalty on the basis of ten per cent of the current market value of the iron ore. NMDC will maintain accounts in that regard. Today, the State of Karnataka has been charging royalty at the rate of ten per cent of the rates as determined by IBM at the pithead. The differential between that rate and the market rate will be accounted for by the State of Karnataka. We make it clear that differential rate will be deployed for rehabilitation purpose of the area concerned.

7. We may clarify that no part of this production shall be exported outside India till further orders. NMDC will sell the production to the States in consultation with Ministry of Steel, Government of India.

8. The State of Karnataka is hereby directed to submit the reclamation and rehabilitation plan of Bellary District within three months.

Court Masters

(2011) 15 Supreme Court Cases 601

(*Record of Proceedings*)

(BEFORE A.K. GANGULY AND GYAN SUDHA MISRA, JJ.)

IMTIYAZ AHMAD .. Petitioner;

Versus

STATE OF UTTAR PRADESH AND OTHERS .. Respondents.

SLPs (Crl.) Nos. 1581-89 of 2009†, decided on September 29, 2011

Constitution of India — Arts. 21, 32, 136, 142, 226 and 227 — Administration of justice — Issues of speedy listing and disposal of cases directly involving administration of justice — Therefore, Central Government impleaded and notice issued — Amicus curiae given permission to file note and reports — Courts, Tribunals and Judiciary — Judicial Process — Delay/Speedy disposal — Speedy listing and disposal of cases (Paras 1 to 3)

† From the Judgments and Orders dated 9-4-2003, 29-4-2003, 30-4-2003, 10-10-2003, 7-5-2004, 26-5-2005, 19-9-2006, 27-9-2006, 6-10-2006 and 18-12-2008 in Crl. WP No. 1786 of 2003 of the High Court of Judicature of Allahabad

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13. Accordingly, the break-up of compensation is as follows:

Pain and suffering	Rs 50,000
Loss of income during treatment	Rs 15,000
Medical expenses for whole life	Rs 1,00,000
Loss of future earnings	Rs 4,32,000
Loss of amenities and enjoyment of life including loss of marital prospects	Rs 3,00,000
Conveyance charges	Rs 50,000
Food and nourishment	Rs 50,000
Total	Rs 9,97,000

Accordingly, compensation is enhanced to Rs 9,97,000, which we round off to Rs 10,00,000 (Rupees ten lakhs). Interest shall be payable on the enhanced amount at 9% p.a.

14. It appears that by an order of this Court dated 30-3-2011, the name of the driver of the offending vehicle was deleted from the array of parties. Thus, compensation shall be paid to the appellant jointly and severally by the respondents.

15. The appeal is partly allowed. No order as to costs.

(2011) 12 Supreme Court Cases 491

(*Record of Proceedings*)

(BEFORE S.H. KAPADIA, C.J. AND AFTAB ALAM AND SWATANTER KUMAR, JJ.)

GOVERNMENT OF ANDHRA PRADESH AND OTHERS . . Petitioners;

Versus

OBULAPURAM MINING COMPANY PRIVATE LIMITED AND OTHERS . . Respondents.

SLPs (C) Nos. 7366-67 of 2010† with Nos. 32690-91 of 2010, etc., decided on July 29, 2011

Environment Protection and Pollution Control — Mining — Overexploitation — Interim order and directions — Taking a holistic view, mining operations concerned in Bellary District directed to be suspended as a precautionary measure — Authorities directed to expeditiously report regarding: (a) domestic and international requirements of iron ore for steel industry and actual exports, (b) pressure on Bellary mines, and (c) environmental impact assessment — Constitution of India, Arts. 21, 14, 48-A and 51-A(g) (Paras 1 and 5)

† From the Judgment and Order dated 26-2-2010 in WPs Nos. 25910 and 26083 of 2009 of the High Court of Andhra Pradesh at Hyderabad

Govt. of A.P. v. *Obulapuram Mining Co. (P) Ltd.*, (2011) 12 SCC 495; *Govt. of A.P.* v. *Obulapuram Mining Co. (P) Ltd.*, (2011) 12 SCC 493; *M.C. Mehta* v. *Union of India*, (2009) 6 SCC 142, *relied on* a

SS-D/48697/S

Chronological list of cases cited ***on page(s)***

1. (2011) 12 SCC 495, *Govt. of A.P.* v. *Obulapuram Mining Co. (P) Ltd.* 492*b-c*
2. (2011) 12 SCC 493, *Govt. of A.P.* v. *Obulapuram Mining Co. (P) Ltd.* 492*b-c*
3. (2009) 6 SCC 142, *M.C. Mehta* v. *Union of India* 492*c-d*

b

ORDER

1. In continuation of our earlier orders dated 29-4-2011[1] and 6-5-2011[2], we are of the view that mining operations and transportation in an area admeasuring approximately 10,868 ha in Bellary District be immediately suspended till further orders.

2. We are satisfied that, on account of overexploitation, considerable damage has been done to the environment. We are taking a holistic view of the matter. We have suspended these operations keeping in mind the precautionary principle, which is the essence of Article 21 of the Constitution. (See *M.C. Mehta* v. *Union of India*[3].) c

3. The matter shall stand over for one week. d

4. In the meantime, we direct the Ministry of Environment and Forests ("MoEF", for short) to submit an interim report indicating what is the requirement of steel industry in India as far as iron ore is concerned. Secondly, out of the total requirement of the steel industry in the country, how much is met by the Bellary mines. Lastly, how much of the quantity of iron ore is domestically required and internationally exported. MoEF will obtain this requisite information from the Ministries of Mines, Steel and Commerce. e

5. The Secretary, MoEF, will immediately convene a meeting of the Secretaries of the Ministries concerned and furnish a report within a week. We further direct CEC to submit a report on environment impact assessment on account of mining in Tumkur and Chitradurga Districts within a period of three weeks. f

6. The affidavits filed by the parties are taken on record.

Court Masters

———

g

1 *Govt. of A.P.* v. *Obulapuram Mining Co. (P) Ltd.*, (2011) 12 SCC 495 h
2 *Govt. of A.P.* v. *Obulapuram Mining Co. (P) Ltd.*, (2011) 12 SCC 493
3 (2009) 6 SCC 142

P.B.
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https://www.financialexpress.com/opinion/the-mystery-behind-rising-iron-ore-prices/2153868/

The mystery behind rising iron ore prices

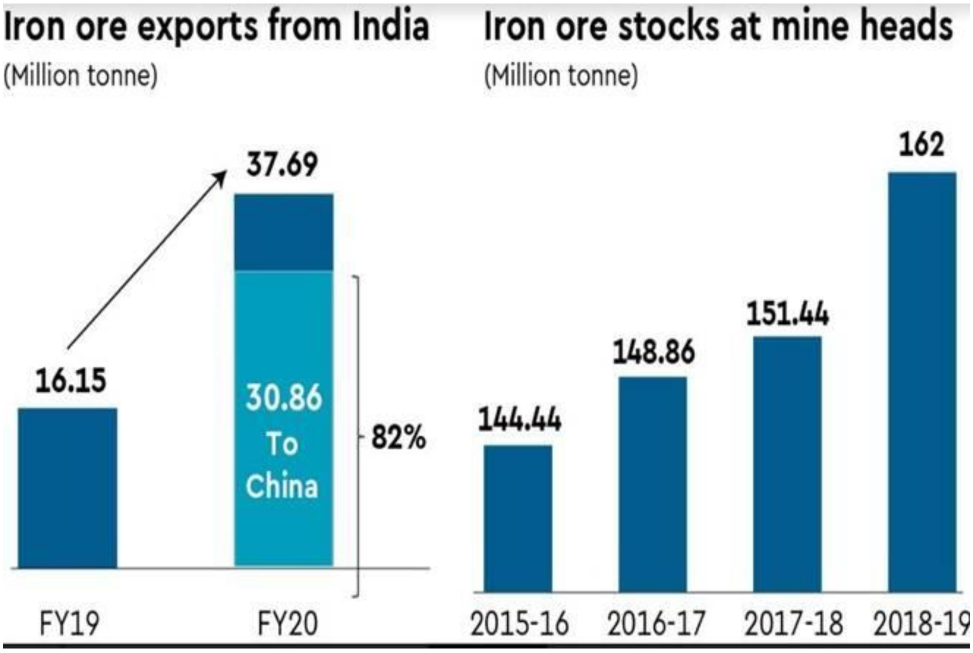
December 21, 2020 6:15 AM

In FY20, India's iron exports rose 133% to 37.69 million tonnes versus FY19 levels. And over 80% of these exports went to China. In crux, India's domestically produced iron ore was serving the needs of another market before catering to its own

By Ishaan Jain

Over the past couple of months, the steel industry has witnessed constant dialogue between iron ore miners and steel producers, aimed at reaching common ground on the availability of a key commodity for manufacturing steel—iron ore. While manufacturers of the alloy have gone up to the Prime Minister's Office (PMO) seeking a ban on exports of iron ore citing sky-high prices, miners of the key raw material—whose pellets form about 60% of the cost of production of steel—claim that steel mills have been importing iron ore to suppress prices of the commodity despite huge stockpiles lying idle. Both sides have made sure to supplement their claims with data.

Industry associations, including the All India Induction Furnaces Association (AIIFA) and the Indian Steel Association (ISA)—representing both secondary and primary steel makers—have written separate letters to the PMO batting for a ban on iron ore exports.



Over April-July 2020, India's exports of iron ore have risen by a massive 63%. This rise in exports is primarily fuelled by record steel production by the world's largest steel manufacturer—China. Chinese steel output hit all-time highs in September, as state-backed investment in infrastructure projects took centre-stage amid the nation's resurgence from the pandemic. This was further corroborated by an Edelweiss report which stated that iron ore imports in China surged 9% year-on-year in September 2020 and iron ore inventory at ports rose to 124 million tonnes from 105-110 million tonnes in July 2020. Consequently, miners including the NMDC have been exporting the iron ore owing to higher realisation for their produce.

The signs were already visible in FY20 as India's iron exports rose 133% to 37.69 million tonnes versus FY19 levels. And over 80% of these exports went to China. In crux, India's domestically produced iron ore was serving the needs of another market before catering to its own.

Aggravating the situation is the problem of non-operationalisation of merchant mines in India.

India's iron ore production over April-September 2020 stood at 47 million tonnes, witnessing a drop of about 50% versus last year. Also, about 50% of the mines auctioned in Odisha this year went to large steel players for captive usage while majority of the remainder, which have gone to merchant miners, are yet to start production.

An industry estimate suggests that over April-September 2020, only 4.06 million tonnes of ore was produced from the auctioned mines. However, 93% of this production was done by JSW and Mittal for captive consumption. The mines were supposed to produce over 24 million tonnes during the period.

Another industry report states that only 12 merchant mines in Odisha are currently operational, while at least 20 are closed and all 11 merchant mines in Jharkhand continue to remain shut. This has caused a serious shortage of the raw material for the smaller steel producers in India's domestic market. Due to this supply crunch, iron ore and pellet prices shot up by about 40% for six months starting March 2020. Steel manufacturers remain ready to pay a higher price, but availability of ore is still their top priority as alternative sources of the raw material, such as Brazil, continue to face supply tightness in the wake of Covid-19. The Odisha Mining Corporation (OMC) continues to be a beacon in these gloomy times, bringing relief to secondary steel producers by supplying the ore, albeit at higher than normal prices. Normalcy in prices and supply is expected to return in Q4FY21 and early quarters of 2022 when (hopefully) the vaccine starts getting administered to the masses.

But Indian miners, too, have their side of the story. In its counter-arguments submitted to the Ministry of Steel and the Ministry of Commerce in response to steel producers' letters seeking a ban on iron ore exports, the Federation of Indian Mineral Industries (FIMI) states that "any shortfall in production due to

Covid-19 pandemic in the eastern states can be made good by procurement of stocks lying at mine-heads. No mining lease holder would like to export if there is a domestic buyer. Currently, what is being exported is what is not being sought by domestic steel mills.”

The miners believe that since iron ore is produced in surplus in the nation, pellet producers and steel manufacturers choose to buy only grades with above 62% Fe content. There is export duty on exports of iron ore +58% Fe and if domestic producers are ready to purchase this iron ore, there would be no need to export.

Furthermore, the FIMI stated that iron ore stocks lying across mine-heads soared to 162 million tonnes during 2018-19, from 151.44 million tonnes in 2017-18. The rise has been constant over the past few years.

Whatever the case may be, domestic iron ore prices across grades have doubled from Rs 4,000 per tonne to Rs 8,000 per tonne on average, causing a spike in the cost of steel production. And the Ministry of Steel has been proactive in recognising this. The ministry understands how high steel prices can derail the nation’s growth by impeding the construction industry, which looks upbeat as the lockdown ceases.

While steel minister Dharmendra Pradhan has clarified that the government will not intervene in regulating prices since it is a matter of market dynamics, he has discerned supplies to be an area of concern. To tackle the issue, the Ministry of Steel is holding discussions with various concerned stakeholders. In fact, the ministry has already spoken to the Orissa Minerals Development Company (OMDC) on the supply issue. It is considering all possibilities, including a short-term ban on exports. The minister has also urged state governments to initiate some process in form of a policy framework to avoid supply chain disruptions.

While a temporary stoppage in exports of iron ore remains an option to stabilise the domestic market, other options include fixing iron ore rates or taking over closed mines by state or central PSUs. Whatever the choice may be, the actions must be quick as the industry has been reeling for a while now and desperately needs support of the government. As per one statistic, West Bengal has 64 iron and steel mills but not a single unit has more than 15 days of raw material stock available. An ominous December lies ahead if the changes are not implemented swiftly.

The author leads the Metal & Mining Sector, Invest India, the National Investment Promotion and Facilitation Agency of the government of India

P.B.
(TRUE COPY)

ANNEXURE: P24 188

Printed from
THE TIMES OF INDIA

Drew PM attention to 55% hike in steel prices: Nitin Gadkari

TNN | Dec 18, 2020, 06.34 AM IST

NEW DELHI: Union minister Nitin Gadkari on Thursday said he had drawn Prime Minister Narendra Modi's attention towards 55% hike in steel prices during the past six months, which has affected viability of projects.

Addressing a web conference of industry body, Assacham, he said if the players failed to curb the practice, the government will have to change policies and encourage alternative technologies.

"There has been a 55% hike in steel prices in the past six months. I have written to PM and Union minister for steel, Dharmendra Pradhan for a decision on this," he said.

P.B.
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IN THE SUPREME COURT OF INDIA
(CIVIL ORIGINAL JURISDICTION)
I.A. NO. __________ OF 2021
IN
WRIT PETITION (CIVIL) NO. .... OF 2021
PUBLIC INTEREST LITIGATION

IN THE MATTER OF:

COMMON CAUSE …PETITIONER

VERSUS

UNION OF INDIA & ORS. …RESPONDENT

APPLICATION FOR DIRECTION
ON BEHALF OF THE PETITIONER

To,
THE HON'BLE CHIEF JUSTICE OF INDIA AND HIS COMPANION JUDGES OF THE HON'BLE SUPREME COURT OF INDIA

The Humble Application of the
Applicant above-named

MOST RESPECTFULLY SHOWETH: -

1. That the Petitioner/Applicant has filed the accompanying writ petition in public interest under Article 32 of the Constitution of India seeking an appropriate writ, order or direction to the Union of India to completely ban export of iron ore (whether in the form of pellets or otherwise) or in the alternative to levy an export duty of 30% on export of iron ore in all forms including pellets (except pellets manufactured and exported by KIOCL); and also an appropriate writ, order or direction to the Union of India to initiate proceedings under Section 11 of the Foreign Trade (Development & Regulation) Act, 1992and Section 135(1) of the Customs Act, 1962, and for levy of appropriate penalty as per law against the mining companies which have been exporting iron ore pellets in contravention of the provisions of India's export policy, thereby, evading the export duty chargeable on export of iron ore pellets, and also direct a thorough and independent investigation into the role of public officials in allowing the same.

2. That the Applicant is filing the instant application seeking certain interim directions to the Respondents during the pendency of the instant writ petition. The contents of the accompanying writ petition may kindly be read as part and parcel of the instant application and the contents of the same are not being repeated herein for the sake of brevity.

3. That by illegally exporting iron ore in the form of pellets, the mining companies have been able to evade the mandatory export duty 30% which is otherwise levied on export of iron ore and have also been able to evade the restriction related to Fe content.

4. That in his legal opinion, dated 10.09.2020, the Deputy Legal Advisor, Department of Legal Affairs of the Government of India, after noting that the amendment made vide Notification No. 92(RE- 2013), dated 26.09.2014, was introduced at the request and recommendation of the Ministry of Steel and Ministry of Commerce & Industry, has categorically opined, inter alia, that: "*Sl No. 104 of Chapter 26 of Schedule 2 of ITC(HS) Classification of Export and Import Items was amended without disturbing the entry in Column IV of the above chart providing for "Item Description" and the same as it was prior to the said amendment dated 26.09.2014*." He further opined that: "<u>*there is no room for doubt that the word "free" substituted for the word "STE" is only in reference to the words "any entity authorized by Kudremukh Iron Ore Company Ltd. Bangalore" inserted by the amendment dated 26.09.2014. Therefore, export of iron ore pellets by any other company other than KIOCL or any entity authorized by Kudremukh Iron Ore Company Ltd.*</u>

<u>Bangalore is not in consonance with the notification</u>." The Deputy Legal Advisor, Department of Legal Affairs of the GOI further opined that: "*In view of the above clarification, the administrative Department may like to take appropriate action as per law applicable in this regard*."

5. That vide the instant application, the Applicant herein is praying that during the pendency of the instant writ petition, the Union of India may kindly be directed to ban the export of iron ore pellets by mining companies other than KIOCL in view of the fact that the Applicant has a *prima facie* case and balance of convenience in its favour and irreparable harm will be caused to the domestic steel industry and resultantly to the public if the export of iron ore pellets is not banned forthwith.

<u>PRAYERS</u>

In view of the facts & circumstances stated above, it is most respectfully prayed that this Hon'ble Court may in public interest be pleased to: -

a. Direct the Union of India not to allowany export of iron ore pellets by entities other than KIOCL during the pendency of the instant writ petition;

b. Issue or pass any writ, direction or order, which this Hon'ble court may deem fit and proper under the facts and circumstances of the case.

AND FOR THIS ACT OF KINDNESS THE APPLICANT AS IN DUTY BOUND SHALL EVER PRAY.

PETITIONER / APPLICANT

THROUGH

Prashant Bhushan

PRASHANT BHUSHAN

COUNSEL FOR THE PETITIONER / APPLICANT

DRAWN & FILED ON:14.04.2021

NEW DELHI

VAKALATNAMA

(S.C.R.Order IV Rule 18)

In The Supreme Court of India

ORIGINAL/CRIMINAL/CIVIL/ JURISDICTION

Civil/Leave/Petition/Appeal/Writ Petition No. …….2018

COMMON CAUSE -- PETITIONER

VERSUS

UNION OF INDIA & ORS. -- RESPONDENTS

I, Vipul Mudgal, Director, Common Cause, the Petitioner ---------------------the------------------

In the above petition/Appeal do hereby appoint and retain

MR. PRASHANT BHUSHAN, Advocate on Record

of the Supreme Court to act and appear for me/us in the above Petition/Appeal and on my /our behalf to conduct and prosecute (or defend) or withdraw the same and all proceedings that may be taken in respect of any application connected with the same or any degree or order passed there in, including proceeding in taxation and application for review, to file and obtain return of document and to deposit and receive money on may/our behalf in the said petition/appeal Reference and application, Review Petition and to represent me/us and to take all necessary steps on may /our behalf in the above matter, I. We agree to rectify all acts done by the aforesaid advocate on record in pursuance of this authority.

Dated 13TH day of APRIL , 2021 (Signed)

Accepted and identified the client.

Prashant Bhushan

(PRASHANT BHUSHAN)
ADVOCATE

CLIENT

VIPUL MUDGAL
Director, COMMON CAUSE
5, Institutional Area
Nelson Mandela Road, Vasant Kunj
New Delhi-110070

To,
The Registrar,
Supreme Court of India,
New Delhi,

MEMO OF APPEARANCE

Sir,

Please enter my appearance on behalf of the Appellant(s)/Petitioner(s)/ Respondent(s) opposite Parties/intervener in the matter mentioned above:

New Delhi dated this the----15TH----day of---APRIL, 2021---

Yours faithfully,

Prashant Bhushan

(PRASHANT BHUSHAN)
Advocate for the Petitioner

The address for service of the said Advocate on record is: -

- **CHAMBER : 301, New Lawyers Chamber Supreme Court of India, New Delhi**
- **OFFICE : C- 67, Sector-14, Noida, U.P. -201 301**
- **RESIDENCE :B-16, Sector-14, Noida, U.P.-201 301**
- **FAX No. :011-23070301 E-mail: prashantbhush@gmail.com**

COMMON CAUSE

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Nelson Mandela Road, Vasant Kunj, New Delhi –110 070. Phone: 011-26131313, 011-45152796
www.commoncause.in; e-mail: commoncauseindia@gmail.com; contact@commoncause.in

AUTHORISATION

This is to certify that Shri Vipul Mudgal , Director , COMMON CAUSE , a registered Society under the Societies Registration Act XXI of 1860 (Registration No. S/11017 of June 5 , 1980), is authorized under Rule 22 of the Rules and Regulations of the Society to file a Writ Petition on behalf of the Society in the matter of the export of iron ore pallets in violation of the export policy.

The aforesaid Rule 22 is reproduced below.

Rule 22 : The Society may sue or be sued in the name of the President or the Director of the Society .

For Common Cause

Authorised Signatory

Pankaj Gupta

Head, Administration & Accounts

CERTIFICATE OF REGISTRATION OF

SOCIETIES.

(ACT XXI OF 1860)

NO. S/ 11017 of 1980.

I hereby certify that "Common Cause" has this day been registered under the Societies Registration Act XXI of 1860.

Given under my hand at Delhi this 5th day of June One Thousand Nine Hundred and Eighty.

Registration Fee of
Rs.50/- paid.

REGISTRAR OF SOCIETIES:
DELHI ADMINISTRATION:DELHI.

Sbatra§.

आयकर विभाग भारत सरकार

INCOME TAX DEPARTMENT GOVT. OF INDIA

सत्यमेव जयते

भारत सरकार आयकर विभाग

COMMON CAUSE

05/06/1980

Permanent Account Number

AAATC0310K

04012006

भारत सरकार
GOVERNMENT OF INDIA

विपुल मुदगल
Vipul Mudgal
जन्म तिथि/ DOB: 08/06/1960
पुरुष / MALE

2303 7490 7494

आधार - आम आदमी का अधिकार

भारतीय विशिष्ट पहचान प्राधिकरण
UNIQUE IDENTIFICATION AUTHORITY OF INDIA

आधार

पता:
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