

**Standard Operating Procedure (SOP) towards export policy of Beach Sand Minerals (BSM) in terms of Notification No. 26/2015-2020 dated 21.8.2018 published by Directorate General of Foreign Trade (DGFT), Ministry of Commerce, Govt. of India and published in the Gazette of India Extraordinary Part-II, Section-3, Sub- Section (ii)**

Directorate General of Foreign Trade, Department of Commerce, Ministry of Commerce and Industry, Govt. of India issued Notification no: 26/2015-2020, New Delhi dated: 21.8.2018 – on export policy on Beach Sand Minerals (BSM) in Chapter 26 of Schedule 2 of ITC(HS) classification of export and import items 2018.

Export of Beach Sand Minerals - Ilmenite, Rutile, Leucosene (Titanium bearing minerals under HSN 2614 0010, 2614 0020, 2614 0031, 2614 0039, 2614 0090), Zircon (HSN 2615), Monazite (under HSN 2612 1000, 2612 2000), Sillimanite (under HSN 2508 5031, 2508 5032, 25085039) and Garnet (HSN 2513 2030), vide the above notification have been brought under State Trading Enterprise and shall be canalised through M/s Indian Rare Earths Limited (IREL), a Government of India Undertaking. BSM permitted anywhere in the export policy will now be regulated in terms of policy under Sl. No: 98A of Chapter 26 of Schedule 2 Export policy.

Towards implementing canalisation of BSM as per the above notification, interim Standard Operating Procedure (SOP) was issued on 6<sup>th</sup> September 2018. The said SOP is amended to align with the extant policies and shall come in force with immediate effect for canalisation of export of BSM through IREL:

**STANDARD OPERATING PROCEDURES :**

- 1) All the exports of Beach Sand Minerals (BSM) to be canalised through M/s Indian Rare Earths Limited (IREL) w.e.f. 21.8.2018.
- 2) BSM producers / sellers desirous of exporting the Beach sand minerals shall provide Know Your Customer (KYC) documents to IREL for getting empanelled as supplier for export of BSM. The list of documents for KYC purpose is given below:
  - Application for registration (in the prescribed form) (Annexure – I)
  - A profile of the Company / firm, copy of Partnership Deed/Articles & Memorandum of Association, list of Partners/Directors and copy of their Permanent Account Number(PAN) Card, Ministry of Corporate Affairs (MCA) identity. Copies of passport.
  - Copy of Goods & Service Tax (GST)Registration.
  - Board Resolution / Letter from the partners authorizing all or any one of the directors/partners to sign the documents
  - Specimen Signature of the partners/directors/proprietor duly attested by the Bank

- Copy of PAN of Company
- Copy of Annual reports along with audited balance sheet and Profit & Loss Account for immediately preceding 3(three) financial years.
- Copy of income-tax returns for the immediate previous year.
- Import Export Code (IEC) Number, if any
- A letter from the Banker indicating the performance and creditworthiness of the Company/firm and also indicating the tenure of relationship.
- Undertaking stating that the director(s)/owner or proprietor or partner (as the case may be), is/are not convicted by a Court of Law for offences involving moral turpitude in relation to its business dealings with the Government and/or any other public sector enterprises, during the last five years.
- Undertaking stating that the business dealings has not been banned or suspended by Government of India, any Government authority connected with the line of minerals business or any of the Public Sector Undertaking (PSU) under Government.
- Any other document as deemed fit by Government of India.

(The above list of documents is exhaustive but not limited, as IREL may call for additional documents depending upon the situation).

- 3) The BSM producers / sellers shall have the option of extending facilitation in identification of foreign buyers for their material.
- 4) BSM producers / sellers desirous of exporting the Beach sand minerals shall furnish the following documents at least 30 days prior to export activity to IREL for necessary verification:
  - a) Name of the mineral
  - b) Letter of intent containing information pertaining to the mineral viz. quantity, quality (specification), name of the foreign buyer, price, tentative laycan (bulk shipment)/date of shipment (containerised shipment), port of loading, port of discharge, etc.
- 5) Due diligence of the foreign buyer shall be carried out through Indian Mission in the foreign buyer's country under intimation to External Relations (ER) Division of

DAE. After satisfactory due diligence, further action on canalisation shall be undertaken. This will be a onetime exercise, and once the due diligence of the foreign buyer is done, the same shall be taken into consideration for future exports through canalisation. IREL may have the due diligence redone at periodic interval, if the situation so warrants.

- 6) Once the due diligence is done, IREL will enter into back to back contracts with the foreign buyer for FOB export of the mineral and with the respective BSM producer/seller for supply of the mineral to be exported. Multiple shipments may be made against one back to back contract between IREL and the respective BSM producer/seller and IREL and the foreign buyer as per the agreed terms and conditions of supply.
- 7) Upon receipt of the duly signed contract from the BSM producers / sellers(desirous of exporting BSM) for supply of the BSM under reference to IREL, duly signed contract for export of the BSM under reference from foreign buyer and payment from the foreign buyer, IREL shall ask the BSM producers / sellers to produce the following documents for necessary verification before shifting the material to the designated port for export:
  - a) Monazite Test Certificate (MTC) issued by Atomic Minerals Directorate for Exploration & Research (AMD) for such consignment is a prerequisite. However, BSM producers / sellers have the option to move the material to the designated port for export once the sampling is done by AMD pending issue of MTC on submission of indemnity bond to IREL as per prescribed format.
  - b) All the relevant documents / permits / certificates as required for export of the said consignment.
  - c) Report of Petrological & Chemical Analysis of the mineral or any other analysis as deemed fit, duly certified by an Inspection agency registered under Export Inspection Council, Ministry of Commerce, Govt. of India(EIC) for quality inspection of minerals/DAE laboratory/NABL accredited laboratory.
  - d) Certificate of Origin issued by authority designate
  - e) Letter of indemnity – indemnifying IREL against any claims for non- receipt of export proceeds from the foreign buyer.

- f) Royalty payment receipt issued by State Government in case of BSM producers
- g) Purchase order / invoice copy in support of quantity of mineral purchased in case of any sellers
- h) Copies of valid Environment Clearance(s) and Consent to Operate(CTO) documents issued by authority designate in case of BSM producers in order to ascertain the permissible production limits.
- i) Copy of the licence issued by Atomic Energy Regulatory Board (AERB) under the Atomic Energy (Radiation Protection) Rules 2004 in case of BSM producers.
- j) IBM Registration details of the BSM Producers/sellers as per Rule 45 of Mineral Conservation & Development Rules (MCDR)-2017.
- k) Copy of latest Monthly Returns submitted under Rule 45 of MCDR – 2017.
- l) Undertaking stating statutory compliances with respect to atomic minerals as applicable have been complied by the company.
- m) End User Certificate from the buyer.
- n) Any other document as deemed fit by Government of India.

(The above list of documents is exhaustive but not limited, as IREL may call for additional documents depending upon the situation).

(In order to ensure expeditious export, BSM producers / sellers may furnish these documents at the time of entering into an agreement with IREL for supply of BSM for export)

## 8) Sampling and analysis

### **Bulk Shipments**

- a) BSM producers / sellers shall make available the material to be exported at port prior to loading for sampling and analysis by IREL / Agency nominated by IREL. IREL/Agency nominated by IREL will draw seven representative samples, two each for the foreign buyer, IREL and BSM producers / sellers and one for independent agency, in presence of representative of BSM producers / sellers.

- b) IREL shall have the representative sample analysed to verify the petrological & chemical analysis reports furnished by the BSM producers / sellers and also check the radioactivity levels.

### **Containerized Shipments**

- a) BSM producers / sellers shall make available the material to be exported prior to stuffing and sealing of each container at CFS for sampling and analysis by IREL / Agency nominated by IREL. IREL/Agency nominated by IREL will draw seven representative samples, two each for the foreign buyer, IREL and BSM producers / sellers and one for independent agency, in presence of representative of BSM producers / sellers. Thereafter, the container(s) shall be sealed by the Customs Department in the presence of IREL and BSM producers / sellers.
  - b) IREL shall have the representative sample analysed to verify the petrological & chemical analysis reports furnished by the BSM producers / sellers and also check the radioactivity levels.
- 9) Upon successful completion of exports, IREL shall remit payment for the BSM supplied by the BSM producers / sellers by deducting duties/taxes, all the expenses incurred by IREL for shipment of the material after receiving the same at Port of despatch and 3% of FOB value from the net amount received from the foreign buyer against the said consignment to cover canalisation expenses. The flow diagram for payment routing in accordance with back to back contracts between IREL & overseas buyer and IREL & BSM producers / suppliers is attached as Annexure - II
- 10) All contracts / agreements between IREL and foreign buyer for export of BSM shall be on advance payment basis / Letter of Credit.

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## Annexure - I

### REGISTRATION FORM for KYC

#### CANALISATION OF BEACH SAND MINERALS (BSM) THROUGH INDIAN RARE EARTHS LIMITED (IREL).

<b>A) Applicant profile</b>		
1. Name of BSM Producer / Seller		
2. List of the names & addresses of all associates, subsidiaries & holding companies (if any)		
3. Office & Corresponding Address		
4. Factory Address		
5. Telephone		
6. e-mail		
7. Website		
8. Year of Establishment		
9. Name of the load port / ports for export		
<b>B) Company/ firm profile</b>		
1. Type of ownership	Individual / Partnership / Others (Pl. Specify)	
2. BSM Producer / Seller		
3. Nature of Company	NSIC / MSME/ Others(Pl. Specify)	
<b>C) Enclose Valid Documentary proof</b>		
1. Copy of partnershipDeed	(Yes/No)	Remarks:
2. Articles & Memorandum ofAssociation	(Yes/No)	Remarks:
3. List of partners /Directors	(Yes/No)	Remarks:
4. Copy of their PANcard,	(Yes/No)	Remarks:
5. Copy ofPassport,	(Yes/No)	Remarks:
6. MCAidentity	(Yes/No)	Remarks:
7. Copy of GST Number	(Yes/No)	Remarks:
8. Board resolution / Letter from partners authorizing all or any one of the directors / partners to sign the documents	(Yes/No)	Remarks:
9. Specimen signature of the partners / directors/ proprietor / duly attested by the Bank.	(Yes/No)	Remarks:
10. Copy of PAN of Company.	(Yes/No)	Remarks:
11. Copy of Import Export Code ( IEC ) certificate / Number, if any	(Yes/No)	Remarks:
<b>D) Financial Competence ( Enclose Valid Documentary proof)</b>		

1. Copy of Annual reports along with audited balance sheet and profit & loss account for preceding 3 (three) financial years.	(Yes/No)	Remarks:
2. Copy of Income tax returns for the immediate previous year.	(Yes/No)	Remarks:
3. Banker letter indicating the performance and credit worthiness of the company / Firm and also indicating tenure of relationship.	(Yes/No)	Remarks:
4. Undertakings: a) Stating that the director(s) / owner or proprietor or partner (as the case may be) is not convicted by a Court of Law for offences involving moral turpitude in relation to its business dealings with the Government or any other public sector enterprises, during last five years. b) Stating that the business dealings has not been banned or suspended by Government of India, any Government authority connected with the line of minerals business or any of the PSU under Government.	(Yes/No)	Remarks:
5. Any other document as deemed fit by Government of India	(Yes/No)	Remarks:
<p><b>Declaration:</b> I / we declare and confirm that all information and attachments submitted in this application are true and correct. I / we are aware that any false information provided herein will result in the rejection of my / our application and cancellation of any registration granted.</p> <p>Place: Date:</p> <p style="text-align: right;">Authorised Signatory with Name and Designation (Official seal of the company/firm)</p>		

- All documents submitted are to be self- certified by Authorised Signatory along name with official seal.

**FOR OFFICE USE ONLY**

KYC Acknowledgement no.:

Name of BSM Producer / Seller :

Total number of documents received ----- ,

Documents are checked and recommended for Registration.

(Name and Signature)  
(Incharge Canalization,)  
----- Zone.

KYC Registration Number ----- is allotted to M/s -----.

(Name and Signature)  
Nodal Officer, Canalization.

FLOW CHART OF CANALIZATION

