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UNCTAD Meet Calls for Halt to Financial Market Inflows in Commodity Markets

Financial investors, biofuel production are among new trends driving commodity prices, inaugural UNCTAD Report says

First Commodities and Development Report finds that poor countries' food and fuel import costs rise, limiting benefits of higher prices for commodity exports. (UNCTAD XIII meeting at Doha on 23-26 April)

A sustained rise in prices for raw natural resources and basic agricultural goods is defying long-standing patterns and appears to be hurting poor nations through rising food and fuel costs more than it is helping them through higher revenues for their commodities exports.

That is one of the findings of the Commodities and Development Report 2012 (UCDR), a new UNCTAD publication launched today at the UNCTAD XIII quadrennial conference.

The report says mounting financial speculation in commodities and the increasing diversion of agricultural land to biofuel crops has changed the forces underpinning commodity prices, pushing them through a sustained period of increase.

What should be a boon for poor nations, especially the globe's 48 least developed countries (LDCs) – whose economies often depend heavily on commodity exports – is on balance a negative development because many of these countries are net importers of oil and staple foods, the study says. Since the food crisis of 2008, prices for basic nourishment have been both volatile and high, the report says – and poor families are acutely vulnerable, as they typically spend 50 per cent or more of their incomes on food.

Among the *UCDR*'s recommendations:

- Steps should be taken to invest in national and regional food reserves to help food-insecure countries;
- The recent shift to "finance-driven globalization," as it applies to commodities, should be reconsidered, especially in comparison to the standard development model in which profits from commodities exports are used to increase domestic investment that can help diversify and expand the capacities of developing-country economies;
- That fiscal and taxation policies be adjusted so that they help developing countries reap stable, long-term economic benefits from commodities exports; and
- That measures be taken nationally and internationally to improve the situations of small farmers and other small commodity producers in poor countries.

Thus far, the 2003-2011 commodities price boom has unfolded differently than previous booms. Historically, commodity price cycles involved a short, rapid price increase, followed by a steep decrease, and then a long period of stagnation before the next spike. This boom-bust cycle has frustrated the economic prospects of countries whose development strategies rely on exporting their natural resources or farm products. By contrast, in the current boom, these commodity-dependent developing countries (CDDC) have benefited from relatively sustained price increases since 2003, with only a brief retreat in 2009.

One driving force of the change is the massive influx of financial capital that has flowed into commodity futures markets since 2003, the report says.

UNCTAD XIII, solidarity urged in implementing favourable policies to help poorest countries 'graduate' from least-developed status

Placing the world's 48 poorest countries on a path to more dynamic development and enabling half of them to meet the criteria for graduation from "least-developed" status by 2020 required global solidarity in implementing favourable trade policies for their exports, as well as programmes to help them increase agricultural productivity and diversity, speakers emphasized this afternoon during a special high-level event convened by the Thirteenth Ministerial Meeting of the United Nations Conference on Trade and Development (UNCTAD XIII) in Doha, Qatar.

Opening the ministerial-level panel discussion, Cheick Sidi Diarra, United Nations Under-Secretary-General and High Representative for the Least Developed Countries, Landlocked Developing Countries and Small Island Developing States, cautioned that those countries, which had been achieving steady growth for much of the past decade, had been hit hard by the economic and financial turmoil that had begun in 2008. Due to their already fragile nature, they would continue to need assistance not only to withstand the fallout from the crisis, but also to implement an ambitious 10-year development strategy adopted by world leaders in 2011.

He went on to note that the status of the Programme of Action for the Least Developed Countries – widely referred to as the "Istanbul Programme of Action" after the Turkish capital where it was adopted nearly a year ago — was the focus of the high-level event, which featured the participation of senior Government officials from countries that had graduated from least-developed status, alongside representatives of traditional development partners. In line with the action plan's call for half the least developed countries escape poverty by 2020, the participants also discussed graduation and structural transformation.

Anand Sharma Warns against Dilution of Development Focus

The Union Minister of Commerce, Industry and Textiles Anand Sharma has said that the financial crisis in the developed countries should not serve as an excuse for the developed countries to retreat from their commitments. Speaking at UNCTAD General Debate at Doha on 23 April, the Minister said that "without putting the developing countries especially LDCs, LLDCs, SIDS in the forefront of the global development agenda, we can hardly expect progress on the Millennium Development Goals. The global financial, food and energy crises have had a debilitating impact on these countries reversing their hard won development gains."

Referrring to the danger of dilution of development focus in Doha Round, Mr. Sharma stressed urgency to work for an early conclusion of the Doha Round of World Trade Organization negotiations to promote an open, equitable, rule-based and predictable multilateral trading system, "with development as a core element of the WTO's work."

Anand Sharma called for "further international financial regulatory oversight and reform, strengthening policy coordination and financial regulation, and promoting the sound development of global financial markets and banking systems". It must be ensured that the developing countries have an equitable access to the decision making process in this regard, he added.

India Challenges US at WTO on Anti Subsidy Duty on Pipes Produced from Cheap Iron Ore

Trade tensions between Washington and New Delhi ratcheted up another notch on 12 April, with India launching a WTO challenge against US countervailing, or anti-subsidy, duties on imports of certain Indian steel products (DS436). This complaint is the latest in a series of commercial disagreements between the two trading partners.

The move comes after the US Commerce Department imposed last month an initial anti-subsidy duty of nearly 286 percent on imports of circular welded carbon-quality steel pipe from India. Those duties are expected to be finalised by the US Commerce Department in August.

Countervailing duties are meant to combat imports priced below market value because the producer receives undue support from its government. While they are not illegal under WTO law, they are disciplined by the Agreement on Subsidies and Countervailing Measures (SCM Agreement), which provides that they may only be imposed if a country properly determines that subsidised imports have injured domestic industry.

Acting on a petition from a coalition of US steel companies, including Allied Tube and US Steel, the US Commerce Department argues that India's steel subsidy comes from its state-operated and industry leading iron ore producer, the National Mineral Development Corporation (NMDC). According to Commerce, NMDC is supplying steel pipe makers with ore that is far below market prices, thus creating an implicit subsidy, the US coalition says.

The Office of the US Trade Representative (USTR) has attributed the low price of raw materials for steel producers to Indian export restrictions on iron ore since 2008.

"These restrictions reduce Indian exports of these inputs, and may reduce supplies on international markets for raw materials used in steel production," said a 2010 USTR report on India. "The Indian government appears to be using these measures to improve the availability and lower prices of inputs used by India's rapidly growing steel industry."

If consultations between the two parties fail over the coming sixty days, India may request a WTO panel to hear the case.

China-India Trade Meet

The bilateral trade between India and China has been rising substantially and trade volume has already crossed $ 75 billion mark. But the potential that exists among both the countries for trade and investment is still largely unexplored. Besides the well-known markets like **Shenzhen** and **Guangzhou**, there are many emerging markets, which are still unexplored and provide a huge opportunity for Indian Business Community.

To explore the opportunities in these emerging markets of China, India China Economic and Cultural Council (ICEC), organized a Seminar on ***"Business Opportunities in the Emerging Markets of China"*** on **13th April, 2012** at India International Centre, New Delhi. As part of the program, a 30 member High Level business delegation from ***China Council of Promotion of International trade (CCPIT)*** visited New Delhi to explore and discuss the possible business opportunities in India. The Delegation comprised of companies from various sectors which include Solar Energy, Textiles, Hydro & Thermal Power, Agro and many more.

The seminar was attended by several dignitaries including Mr. Peng Gang, Economic Counselor, Embassy of China in India; Mr. Weimin Yao, Vice President, Huawei Telecommunications; Mr. Atul Shunglu, Asst. Secretary General, FICCI; Dr. S P Sharma, Chief Economist, PHDCCI among others.

Dollar-Rupee Rate at NSE Futures

Trade Date	Open Price	High Price	Low Price	Close Price	Daily Settlement Price	Open Interest	No. of Contracts	Value (Rs. lakhs)	RBI Reference rate
24-Apr-12	52.6150	52.9150	52.6150	52.7775	52.7775	951756	2033673	1073745	52.7910
23-Apr-12	52.1725	52.6500	52.0750	52.6125	52.6125	1075273	2118129	1110732	52.2295
20-Apr-12	52.2500	52.2800	52.0225	52.1825	52.1825	1122068	1778874	927640	51.9995
19-Apr-12	51.9400	52.2475	51.8600	52.1600	52.1600	1201358	1898487	987116	51.8930
18-Apr-12	51.5650	51.9050	51.4700	51.8725	51.8725	1363351	1698715	878264	51.5035

[Source: NSE and RBI Website]

Apple, Samsung Ordered Into Patent Settlement Conference

The chief executive officers of Apple Inc. (AAPL) and Samsung Electronics Co. were ordered to attend a settlement conference in their patent dispute before a federal court in San Jose, California.

Both companies told the court they are willing to participate in the settlement conference, U.S. District Judge Lucy Koh in San Jose wrote in 16 April order. The CEO and general counsel of each company will appear, according to the filing. Samsung confirmed in an e-mailed statement that the companies have agreed to participate and said the meeting will take place within 90 days.

Apple claims that Samsung's 4G smartphone and Galaxy Tab 10.1 tablet computer, among other products, infringe its patents. In December, Koh ruled against Apple's request to block Suwon, South Korea-based Samsung from selling that phone and tablet in the U.S. That order followed an Australian court ruling lifting an injunction on the tablet there.

Samsung, which was the world's largest seller of smartphones last year, and Cupertino, California-based Apple have filed at least 30 lawsuits against each other on four continents since April.

Though the companies said in a joint April 16 filing they are willing to participate in the conference with Magistrate Judge Joseph C. Spero, both sides said they are continuing to narrow the case for a scheduled Aug. 25 trial.

Expert Challenges

Both companies said they intend to challenge expert testimony, with Samsung arguing that Apple's experts submitted testimony falling short of evidentiary standards.

One Apple expert explained how the company's product design "allows people a feeling of symbiosis with their electronic tools" and includes anecdotes about his vacation in Spain, according to the filing.

Such testimony is "not 'expert' in any sense," Samsung said in the filing. "Several other reports also suffer from irrelevance and methodology flaws," the company said.

WEEKLY INDEX OF CHANGES

ITC(HS) 2012 Notified on 18 April, HS2012 Incorporated, Format and Layout Revised

111-Ntfn(RE) 18.04.2012 (DGFT) In exercise of powers conferred by Section 5 of the Foreign Trade (Development & Regulation) Act, 1992 (No.22 of 1992) read with Paragraph 2.1 of the Foreign Trade Policy, the Central Government hereby notifies *'Indian Trade Classification (Harmonised System) of Export and Import Items, 2012'* [ITC (HS), 2012] as enclosed in the Annexure to this Notification.

2. ITC (HS), 2012 contains 'Schedule 1 - Import Policy' and 'Schedule 2 - Export Policy'. Against each item of these two schedules, the current import / export policy has been indicated; alongwith policy conditions to be fulfilled, if any.

3. This shall come into force with immediate effect.

Effect of this Notification

ITC (HS) 2012 is being notified incorporating the changes till now and after harmonising it with both the HS 2012 of World Customs Organisation and Tariff Schedule of Customs.

Annexure to the Notification No. 111/RE(2010)/ 2009-2014 dated 18.4.2012

ITC(HS) Schedule-1 (Import Policy)

ITC(HS) Schedule-2 (Export Policy)

[Text of the ITC(HS) 2012 available at our website www,worldtraescanner.com]

Gold Import through Passenger slashed to 1kg from 10 kg, Silver Down to 10kg from 100 kg

Disparity between Imported Coal and Domestic Coal in DTA Sale on Electricity Sale from SEZ into DTA Removed, Both will Pay Uniform Duty of Rs. 30 per 1000 kwh

Ntfn 26 18.04.2012 (DOR) 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. **12/2012-Customs, dated the 17th March, 2012**, published in the Gazette of India, Extraordinary, *vide* G.S.R. 185(E) dated the 17th March, 2012, namely:-

In the said notification,-

(i) in the Table, for **S. No. 145** and the entries relating thereto, the following shall be substituted, namely:-

"145. 2716 00 00	Electrical energy removed from a Special Economic Zone into Domestic Tariff Area or non processing areas of Special Economic Zone-			
	(a) if removed from power projects of 1000 MW and above,-			
	(i) using imported coal as fuel;	Rs. 30 per 1000 kwh	-	-
	(ii) using domestic coal as fuel;	Rs. 30 per 1000 kwh	-	-
	(iii) using domestic gas as fuel;	Rs. 120 per 1000 kwh	-	-
	(b) if removed from power projects of less than 1000 MW,-			
	(i) using imported coal as fuel;	Nil	-	-
	(ii) using domestic coal as fuel;	Nil	-	-
	(iii) using domestic gas as fuel;	Rs. 60 per 1000 kwh	-	-

(ii) in the ANNEXURE, in condition no. 35, for clause (b) of para 1, the following shall be substituted, namely:-

"(b) the total quantity of gold under items (i) and (ii) of **Sr. No. 321** does not exceed one kilogram and the quantity of silver under Sr. No. 322 does not exceed ten kilograms per eligible passenger; and"

[F. No. 354/40/2010-TRU]

Variation of 1mn and 1% weight in Specs for Reimported Diamonds Allowed

Ntfn 27 18.04.2012 (DoR) 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 amendments in the notification of the Government of India in the Ministry of Finance (Department of Revenue), No. 9/2012-Customs, dated the 9th March, 2012 which was published in the Gazette of India, Extraordinary, vide G.S.R. 129 (E) dated the 9th March, 2012, namely:-

In the said notification, for the Explanation and the entries relating thereto, the following shall be substituted, namely,-

Explanation. - (1) For the purposes of condition No. v), a variance not exceeding +_ 1 mm in height and circumference and not exceeding +_ 1 cent in weight shall be allowed.

(2) For the purposes of this notification, "Foreign Trade Policy" means the Foreign Trade Policy, published by the Government of India in the Ministry of Commerce and industry, *vide* notification No.1/2009-2014, dated the 27th August, 2009, as amended from time to time.

F.No.354/4/2012-TRU

CBEC Clarifies Disposal of Confiscated Goods, Follow E-Auction Route

Subject: Disposal of confiscated goods – clarification on existing instructions.

11-CBEC 12.04.2012 (DoR) I am directed to invite your attention to the Board's Circular No. 12/2006-Customs dated 20.2.2006 and the earlier instructions issued to the field formations vide Board's letters F. No. 711(7)/53-Cus. (AS) dated 27.5.1993, F. No.30/33/67-LC.I dated 19.1.68 and F.No.30/3/64-LC.I dated 10.2.1964 in the matter of disposal of confiscated/seized goods. In this regard, certain representations have been received in the Board from the trade as well as the field formations seeking clarification on the manner of disposal of confiscated/ seized goods.

2. Recently, the Department of Consumer Affairs had forwarded the request of National Cooperative Consumers' Federation (NCCF), wherein they have claimed that the confiscated goods should be offered only to NCCF, based on the then existing guidelines that confiscated goods in bulk may first be offered to NCCF and if they do not respond within a reasonable period, the goods may be offered to other agencies [Instructions in F.No.711/(70)/93/ Cus(AS) dated 27.5.1993]. On the other hand, Kendriya Bhandar (KB) had been requesting to offer same treatment as at par with NCCF in the matter of disposal of confiscated consumer goods. The grounds for their claim is that it is a Multistate Consumer Cooperative Society of Central Government employees under the Ministry of Personnel, Public Grievances & Pension, wherein Govt. of India has majority shareholding and purchase preference policy for local purchase of stationery and other articles by the DOPT treat KB/NCCF and other Multi-State Cooperative Societies (MSCS) on same footing (DOPT's O.M. No.14/1/2009-Welfare dated 5.3.2012). Further, Board had also received a number of requests from the trade for equitable and wider participation of cooperative societies which are duly registered with the State/Central Government authorities and not to make a particular body monopolistic, in sourcing the confiscated goods being disposed of by the department.

3.1. In this regard, practices followed by the field formations and the instructions issued from time to time by the Board were also examined in detail. The judgement of the Hon'ble High Court of Patna in Civil Writ case No.12672 of 2010 dated 9.9.2011 was also taken into account. Considering the various factors involved in the process of disposal of seized/confiscated goods, the following clarification are offered in disposal of confiscated/ seized goods by the department.

3.2. Sale through Army canteen/ CSD: It is reiterated that the requirements of Army authorities/Military Canteens/ Canteen Stores Department (CSD) for purchase of confiscated/ seized goods may be allowed since they provide consumer goods of high quality to the troops wherever they are situated. The earlier instructions dated 10.2.64 issued in this regard, provide that confiscated goods, as much as can conveniently be made available, after meeting the earlier demands of Army authorities/Military Canteens/ CSD and/or the consumer's cooperative stores, are to be offered to the Central Government Employees Consumer cooperative society Ltd.

3.3. Sale through NCCF/KB/consumer co-operatives: Any lot of confiscated/seized consumer goods of value not exceeding Rs. Five lakhs which are ripe for disposal shall be offered to NCCF/KB/Other Central Government Employees Consumer Cooperative Society/ Multi-State Consumer Cooperative Societies/ State Consumer Cooperatives, subject to the following conditions. Most of these conditions had been prescribed in various instructions of the Board issued earlier and have been reiterated here:

(a) They should be functional for at least 10 preceding years and should submit Income-Tax returns and VAT/ST returns showing their activities in sale of goods to the consumers and that appropriate taxes have been duly paid and relevant laws/rules and regulations are complied with.

(b) Only those Co-operative Societies or National/State level Cooperative Federations that are duly verified and certified as genuine, every year by an officer not below the rank of AC/DC, and those that have been duly registered under Multi-State Cooperative Societies Act, 2002 or concerned State Cooperatives Act, should be permitted to purchase the confiscated/seized goods. The genuineness of co-operative societies/federation may also be verified through concerned Commissionerates or other field formations of this department, wherever required.

(c) They should be obliged to sell such seized/ confiscated goods directly to bonafide consumers.

(d) No pick and choose of items would be allowed.

(e) Seized/confiscated consumer goods shall be offered on *first come first served basis*.

(f) Any lot of confiscated/seized consumer goods of value exceeding Rs. Five lakhs shall not be sold directly to the aforesaid cooperative societies/federation and shall be sold by E-auction or auction-cum-tender basis.

(g) Complete accounts may be called for scrutiny by the department as and when necessary, to ensure that the seized/confiscated goods, which are sensitive to smuggling are not misused; or to verify that their disposal has not been made to a single party/ individual; or to ensure that sale has not been made to any persons where in purchase vouchers etc. had been misused by unscrupulous elements in legitimizing smuggling.

4. Sale through e-auction/auction cum tender: In respect of confiscated/seized goods of all types and confiscated/seized consumer goods exceeding value of Rs. Five lakhs in single lot, may be disposed through e-auction or auction-cum-tender, since it offers enhanced transparency and accountability for quick disposal of goods. In such e-auction or auction-cum-tender process, all persons including NCCF, KB, other CG employee's consumer cooperatives, Multi-State/State cooperatives or National/ State level Cooperative Federations can also participate. If the NCCF/KB/other Consumer Cooperative societies are found to be successful bidder, then the goods may be sold to them with the eligible rebate/discount as prescribed, subject to fulfillment of other conditions of e-auction/auction-cum-tender. Instructions for use of E-auction or auction-cum-tender have already been prescribed vide Board's Circular No.50/2005-Customs dated 1.12.2005 and No.12/2006-Customs dated 20.2.2006.

5.1. CVC has been emphasizing on e-commerce/e-procurement/e-sales for enhancing transparency, giving equal opportunities to all. Accordingly, CVC vide Office Order No.46/9/03 dated 11th September 2003 (No.98/ORD/1) has stated that the departments/ organizations may themselves decide on e-procurement/reverse auction for purchases or sales and work out the detailed procedure in this regard. It has, however, to be ensured that the entire process is conducted in a transparent and fair manner.

5.2. Board had earlier appointed a Task Force to examine the various issues arising out of the audit review, and to suggest effective measures to put in place a permanent mechanism for expeditious disposal of cargo including confiscated/seized goods. Based on the recommendations of a Task Force, Board had streamlined the procedure for disposal of goods which *interalia* include its approval for setting up of a centralized e-auction portal by engaging the services of M/s. MSTC Ltd. Mumbai, a PSU under the Ministry of Steel. This e-auction procedure had been in force for quite some time and it had facilitated expeditious disposal of goods by the field formations. Detailed instructions and guidelines on this procedure are already available in MSTC website, which specifically hosts e-auctions for Customs and Central Excise department regularly. It is hereby reiterated that E-auction or auction-cum-tender prescribed vide Board's Circular No.50/2005-Customs dated 1.12.2005 and No.12/2006-Customs dated 20.2.2006 may continue to be utilised in respect of confiscated/seized goods.

6. The above instructions may be brought to the notice of all concerned immediately through appropriate Public Notice.

F. No. 711/01/2006-Cus.(AS)/Pt.

Changes in Tariff Value

Poppy Seeds Up by US$827/MT and Brass Scrap US$48/MT

Silver Up by US$19 per kg and Gold US$3 per 10 gram

33-Cus(NT) 16.04.2012 (DoR)

In exercise of the powers conferred by sub-section (2) of section 14 of the Customs Act, 1962 (52 of 1962), the Central Board of Excise & Customs, being satisfied that it is necessary and expedient so to do, hereby makes the following amendment in the notification of the Government of India in the Ministry of Finance (Department of Revenue), No. 36/2001-Customs (N.T.) dated, the 3rd August, 2001, published in the Gazette of India, Extraordinary, Part-II, Section-3, Sub-section (ii) vide number S. O. 748 (E), dated the 3rd August, 2001, namely:-

In the said notification, for **TABLE-1 and TABLE-2**, the following Tables shall be substituted namely:-

"Table-1

SNo.	Chapter/ heading/sub-heading/tariff item	Description of goods	Tariff value US $ (Per Metric Tonne)
(1)	(2)	(3)	(4)
1	1511 10 00	Crude Palm Oil	447 (i.e. no change)
2	1511 90 10	RBD Palm Oil	476 (i.e. no change)
3	1511 90 90	Others – Palm Oil	462 (i.e. no change)
4	1511 10 00	Crude Palmolein	481 (i.e. no change)
5	1511 90 20	RBD Palmolein	484 (i.e. no change)
6	1511 90 90	Others – Palmolein	483 (i.e. no change)
7	1507 10 00	Crude Soyabean Oil	580 (i.e. no change)
8	7404 00 22	Brass Scrap (all grades)	4285
9	1207 91 00	Poppy seeds	3680

Table-2

SNo.	Chapter/heading/ sub-heading/ tariff item	Description of goods	Tariff value (US $)
(1)	(2)	(3)	(4)
1	71	Gold, in any form in respect of which the benefit of Notification No. 3/2012-Customs dated 16.01.2012 is availed	542 per 10 grams
2	71	Silver, in any form in respect of which the benefit of Notification No. 3/2012-Customs dated 16.01.2012 is availed	1051 per kilogram"

[F. No. 467/01/2012-Cus.V]

RBI Rationalises Reporting System on Gold Import

Sub: Data on import of Gold – Statements – Modification

AP(DIR Srs) Cir.103 03.04.2012 (RBI)

Attention of Authorised Dealer Category – I (AD Category – I) banks is invited to Para 4(v) of A.P. (DIR Series) Circular No.2 dated July 9, 2004, in terms of which AD Category – I banks are required to submit to FED, CO, RBI a monthly statement regarding the number of transactions and value in USD million and Rupees in crores of gold imported by (i) Export Oriented Units (EOUs), (ii) Units in SEZ/EPZ, and (iii) Nominated Agencies/ Banks.

2. It has been decided to further rationalize the entire reporting system on import of gold. Accordingly, A.D. Category-I banks shall henceforth submit the following statements to the Chief General Manager, Reserve Bank of India, Foreign Exchange Department, Central Office, Trade Division, Amar Building, Fort, Mumbai-400001:

(i) Statement on **half yearly** basis (end March / end September) showing the quantity and value of gold imported by the nominated banks/ agencies/ EOUs/ SEZs in Gem & Jewellery sector, mode of payment-wise, as per **Annex 'A';**

(ii) Statement on **monthly basis** showing the quantity and value of gold imports by the nominated agencies (other than the nominated banks)/ EOUs/ SEZs in Gem & Jewellery sector during the month under report as well as the cumulative position as at the end of the said month beginning from the 1st month of the Financial Year, as per **Annex 'B'**.

Both the statements shall be submitted, even if there is 'Nil' position and they should reach the aforesaid office of RBI by the 10th of the following month / half year to which it relates. The statements may also be submitted by e-mail.

3. The other terms & conditions mentioned in the A.P. (DIR Series) Circular No. 2 dated July 9, 2004 remain unchanged.

4. The directions contained in this circular have been issued under sections 10 (4) and 11 (2) of the Foreign Exchange Management Act, 1999 (42 of 1999) and are without prejudice to permissions / approvals, if any, required under any other law.

Annex - 'A'

Statement on Import of Gold for the half year ended.

Name of the Bank:

Mode of payment	Quantity of Gold imported (in kgs)		Value of Gold imported			
			USD million		` million	
	Nominated banks/ Agencies	EOU/ SEZ	Nominated Banks/ Agencies	EOU/ SEZ	Nominated Banks/ Agencies	EOU/ SEZ
(i) Delivery against payment basis						
(ii) Suppliers Credit basis						
(iii) Consignment basis						
(iv) Unfixed Price basis						

Note: Full details of transactions may be provided in cases where the aggregate value of export exceeds USD 50 million in respect of single importer.

Annex - 'B'

Name of the AD bank: ....

Data for import of the gold by non-bank nominated /other agencies for the month of .... during the FY ……….

SNo.	Name of the nominated agencies	For the current month		Up to the current month for the FY		Remarks, if any
		Quantity in Kg	Value in USD	Quantity in Kg	Value in USD	
I. Import of Gold by non-bank nominated agencies						
1						
2						
3						
4						
5						
	Sub-total					
II. Import of gold by EOUs in Gems & Jewellery Sector						
1						
2						
3						
	Sub-total					
III. Import of gold by SEZs in Gems & Jewellery Sector						
1						
2						
3						
	Sub-total					
	Grand Total					

No Charge of 12% Service Tax on Air Tickets Issued before 1 April 2012

Subject: Clarification on Point of Taxation Rules.

155-ST 09.04.2012 (DoR)

Notification No. 2/2012 – Service Tax dated the 17th March 2012 has rescinded Notification No. No. 8/2009 – Service Tax, dated the 24th February, 2009, thus restoring the effective rate of service tax to 12% wef 1st April 2012. Further the Notification No. 26/2010-Service Tax, dated the 22nd June, 2010 has been superseded by Notification No. 6/2012 - Service Tax dated the 17th March, 2012, wef 1st April 2012.

2. It has been brought to the attention of the Board that some airlines are collecting differential service tax on tickets issued before 1st April 2012 for journey after 1st April 2012, causing inconvenience to passengers. Representations have also been received in this regard. The position of law in the above respect is clear and is detailed below.

3. Rule 4 of the Point of Taxation Rules 2011 deals with the situations of change in effective rate of tax. In case of airline industry, the ticket so issued in any form is recognised as an invoice by virtue of proviso to Rule 4A of Service Tax Rules 1994. Usually in case of online ticketing and counter sales by the airlines, the payment for the ticket is received before the issuance of the ticket. Rule 4(b)(ii) of the Point of Taxation Rules 2011 addresses such situations and accordingly the point of taxation shall be the date of receipt of payment or date of issuance of invoice, whichever is earlier. Thus the service tax shall be charged @10% subject to applicable exemptions plus cesses in case of tickets issued before 1st April 2012 when the payment is received before 1st April 2012.

4. In case of sales through agents (IATA or otherwise including online sales and sales through GSA) the payment is received by the agent and remitted to airlines after some time. When the relationship between the airlines and such agents is that of principal and agent in terms of the Indian Contract Act 1872, the payment to the agent is considered as payment to the principal. Accordingly as per Rule 4(b)(ii), the point of taxation shall be the date of receipt of payment or date of issuance of invoice, whichever is earlier. Thus the service tax shall

be charged @10% subject to applicable exemptions plus cesses in case of tickets issued before 1st April 2012 when the payment is received before 1st April 2012 by the agent.

5. However, to the extent airlines have already collected extra amount as service tax and do not refund the same to the customers, such amount will be required to be paid to the credit of the Central Government under Section 73A of the Finance Act 1994 (as amended).

6. Trade Notice/Public Notice may be issued to the field formations accordingly.

F. No 334/1/2012- TRU

Area Based Exemption in J&K for 10 years from date of Production

Sub: Clarification regarding admissibility of exemption under area-based Notification No. 56/2002-CE dated 14.11.2002.

965-CBEC
17.04.2012
(DoR)

Your kind attention is invited to Notification No. 56/2002-CE dated 14.11.2002 which provides for exemption from the duty of excise to specified goods cleared from industrial units in the State of Jammu & Kashmir to the extent of duty paid in cash by way of a refund mechanism, for a period of ten years from the date of publication of the notification or from the date of commencement of commercial production, whichever is later. The exemption is available to new units which have commenced commercial production on or after 14.06.2002 as well as existing units which have undertaken substantial expansion or have made new investments for employment generation on or after 14.06.2002.

2. A doubt has been raised whether in the case of existing units undertaking substantial expansion, the 10 year exemption period has to be computed from the date of commencement of initial commercial production or from the date of commencement of commercial production from the expanded capacity. Some field formations have taken a view that in the case of existing units which had commenced commercial production prior to 14.06.2002, the exemption period of ten years would be computed from the date of publication of notification, i.e., 14.11.2002, irrespective of the fact that such units had undertaken substantial expansion after 14.11.2002.

3. The matter has been examined in the Board. It is clarified that the exemption period of ten years is to be computed from the date of publication of the notification when a new unit commences commercial production or an existing unit undertakes substantial expansion and commences commercial production from such expanded capacity during the period from 14.06.2002 to 14.11.2002. However, if a new unit commences commercial production or an existing unit undertakes substantial expansion and commences commercial production from such expanded capacity after the date of publication of the notification, i.e., 14.11.2002, the ten year exemption period is to be computed from the date of commencement of commercial production in the case of new units and from the date of commencement of commercial production from the expanded capacity in the case of existing units.

4. Trade, industry and field formations may be suitably informed.

F.No. 101/ 15/2010-CX-3

Amendments in Central Excise Rules 2002

23-CE(NT)
18.04.2012
(DoR)

In exercise of the powers conferred by section 37 of the Central Excise Act, 1944 (1 of 1944), the Central Government hereby makes the following rules further to amend the Central Excise Rules, 2002, namely:-

1. (1) These rules may be called the Central Excise (Fourth Amendment) Rules, 2012.

(2) They shall come into force on the 18th day of April, 2012.

2. In the Central Excise Rules, 2002, in rule 12 in sub-rule (1), for the fourth proviso the following shall be substituted;

"Provided also that, where an assessee is availing the exemption,-

(i) under the notification No. 1/2011-Central Excise, dated the 1st March 2011; or

(ii) in respect of goods falling under Sl.No.67, 128, 199(I) and 200(I), of notification No. 12/2012-Central Excise, dated the 17th March, 2012;

and does not manufacture any other excisable goods other than those specified in the said notifications, he shall file a quarterly return in the form specified by notification by the board, of production and removal of goods and other relevant particulars, within ten days after the close of the quarter to which the return relates."

[F No.-B-1/1/2012 -TRU]

Sanghamitra Panda to Chair Committee on Electronic Refund of Service Tax on Exports

Subject: Service tax paid on taxable services used for export of goods at the post-manufacture stage - electronic refund through the Indian Customs EDI System — Notification 52/2011-ST – review.

156-ST
09.04.2012
(DoR)

A Committee has been constituted with Director General of Service Tax, Smt. Sanghamitra Panda as Chairperson, to review the scheme for electronic refund of service tax paid on taxable services used for export of goods, made operational vide Notification 52/2011-ST dated 30th December, 2011. Other members of the Committee are Commissioner of Service Tax, Mumbai-1, Shri. Sushil Solanki and Director, TRU, Shri. J. M. Kennedy.

2. The Committee has been instructed, as a part of the review, to (a) evolve a scientific approach for the fixation of rates in the schedule of rates for service tax refund; and (b) propose a revised schedule of rates for service tax refund, taking into account the revision of rate of service tax from 10% to 12% and also movement towards 'Negative List' approach to taxation of services. The Committee may interact with/call for data from, the field formations, export promotion councils, chambers of commerce or any other business or industry association, as may be required. The Committee will submit its report to the Chairman, CBEC, before 20/06/2012. Views and suggestions may be posted at the e-mail address: feedbackonestr@gmail.com

3. This Circular may be communicated to the field formations, exporters, chambers of commerce, export promotion councils, through Public Notice/Trade Notice. Hindi version to follow.

F.No.354/66/2011-TRU

Kannur (Kerala) ICD Notified for Unloading and Loading Goods

32-Cus(NT)
11.04.2012
(DoR)

In exercise of the powers conferred by clause (aa) of sub-section (1) of section 7 of the Customs Act, 1962 (52 of 1962), the Central Board of Excise and Customs, hereby makes the following further amendments in the notification of the Government of India in the Ministry of Finance (Department of Revenue) No. 12/97-Customs (N.T.), dated the 2nd April, 1997, published in the Gazette of India, *vide* number G.S.R. 193(E), dated the 2nd April, 1997, namely:-

In the said notification, in the Table, against serial number 6A relating to the State of Kerala, in column (3), after item (iii) and the entry relating thereto in column (4), the following item and the entry shall respectively be inserted, namely:-

(3)	(4)
"(iv) Kannur	Unloading of imported goods and the loading of export goods."

[F.No. 434/23/2010-Cus.IV]

AD Cat-II Must Approach RBI for One Time Approval to Operate Nostro Accounts

Sub: Authorised Dealer Category II – Permission for additional activity and opening of Nostro account

AP(DIR Srs)
Cir.109
18.04.2012
(RBI)

Attention of Authorised Persons is invited to Para 3 of A. P.(DIR Series) Circular No. 104 dated April 4, 2012 on the captioned subject.

2. Authorised Dealer Category-II entities desirous of opening Nostro accounts may approach the Reserve Bank for a one time approval to open and operate Nostro accounts.

3. All other instructions contained in the A.P. (DIR Series) Circular No. 104 dated April 4, 2012 shall remain unchanged.

4. Authorised Persons may bring the contents of this circular to the notice of their constituents concerned.

5. The directions contained in this Circular have been issued under Sections 10(4) and 11(1) of the Foreign Exchange Management Act, 1999 (42 of 1999) and are without prejudice to permissions/approvals if any, required under any other law.

Health Professional Jim Yong is New World Bank Chief, India Supports US Candidate Over Nigerian Fin Min

The World Bank announced on Monday that Jim Yong Kim will be the organisation's next president, following a heated race that saw developing countries challenging the US for the Washington-based international financial institution's top post.

The election of Kim, Washington's candidate for the position, is not surprising. The head of the World Bank has traditionally been from the US, while the chief of the Bank's sister institution, the International Monetary Fund, is usually a European, thanks to an informal agreement between the two sides when the institutions were established after the Second World War.

However, this marks the first time in the bank's history that it has considered multiple candidates for its top position, and Kim will face the immediate challenge of reconciling differences caused by a bitter election.

The two other candidates were José Antonio Ocampo, Colombia's former finance minister, and Nigerian finance minister Ngozi Okonjo-Iweala; Ocampo had dropped out of the race on Friday, backing Okonjo-Iweala's candidacy.

Already Kim's main challenger has called the transparency and democratic nature of the voting process into question, while at the same time congratulating Kim.

Kim is unique in comparison to previous World Bank chiefs, being a doctor and anthropologist by training, not a banker, politician, or US foreign policymaker, the traditional professions of his predecessors.

He is also a global health expert who has worked at the World Health Organization and founded Partners in Health. In both capacities Kim has focused on heath programmes in poor countries.

Mad-Cow Case Confirmed in Central California, USDA Says

The first U.S. case of mad cow disease in six years has been found in a dairy cow in centralCalifornia, detected before it could enter the human food chain and pose any threat to consumers, officials said.

The cow was identified as part of routine testing for the brain-wasting disease, known as bovine spongiform encephalopathy, John Clifford, the U.S. Department of Agriculture's chief veterinarian, told reporters on 24 April at a briefing in Washington.

Customs Valuation Exchange Rates

April 2012		Imports	Exports
Schedule I			
1	Australian Dollar	54.30	53.05
2	Canadian Dollar	52.15	50.90
3	Danish Kroner	9.30	9.05
4	EURO	69.00	67.40
5	Hong Kong Dollar	6.65	6.50
6	Norwegian Kroner	9.15	8.85
7	Pound Sterling	82.50	80.70
8	Swedish Kroner	7.80	7.55
9	Swiss Franc	57.20	55.80
10	Singapore Dollar	41.00	40.15
11	U.S. Dollar	51.50	50.65
Schedule II			
1	Japanese Yen	62.45	60.80

Rate of exchange of one unit of foreign currency equipment to Indian Rupees (Schedule I)

Rate of exchange of 100 units of foreign currency equivalent to Indian rupees (Schedule II)

(Source: Customs Notification 26(NT)/28.03.2012]

Commodity Spot Prices in India – 21 – 24 April 2012

These commodity prices are taken from Multi Commodity Exchange of India (Mumbai) at 6 pm every day.

(Rs.)

Commodity	Unit	Market	21-Apr	23-Apr	24-Apr
CER (Carbon Trading)	1 MT	Mumbai	NA	NA	NA
Chana	100 KGS	Delhi	3586	3578	3561
Masur	100 KGS	Indore	3255	3251	3245
Potato	100 KGS	Agra	1014.6	1016.6	1016.9
Potato TKR	100 KGS	Tarkeshwar	903.2	904.4	905.6
Arecanut	100 KGS	Mangalore	NA	NA	NA
Cashewkern	1 KGS	Quilon	NA	NA	NA
Cardamom	1 KGS	Vandanmedu	968.3	950.6	959.8
Coffee ROB	100 KGS	Kushalnagar	NA	NA	NA
Jeera	100 KGS	Unjha	NA	NA	NA
Pepper	100 KGS	Kochi	NA	NA	NA
Red Chili	100 KGS	Guntur	NA	NA	NA
Turmeric	100 KGS	Nzmbad	3414	3441	3432
Guar Gum	100 KGS	Jodhpur	NA	NA	NA
Maize	100 KGS	Nzmbad	1179	1177.5	1180
Wheat	100 KGS	Delhi	1320	1319.6	1319
Mentha Oil	1 KGS	Chandausi	2255.5	2078.5	1912.8
Cotton Seed	100 KGS	Akola	NA	NA	NA
Castorsd RJK	100 KGS	Rajkot	3385	3383.5	3383.5
Guar Seed	100 KGS	Bikaner	29450	28495	28495
Soya Bean	100 KGS	Indore	3252.3	3259.5	3259
Mustrdsd JPR	20 KGS	Jaipur	NA	779.5	773.2
Sesame Seed	100 KGS	Rajkot	6753	6750	6725
Coconut Oil Cake	100 KGS	Kochi	NA	NA	NA
RCBR Oil Cake	1 MT	Raipur	NA	NA	NA
Kapaskhali	50 KGS	Akola	1260.8	1261.9	1259.6
Coconut Oil	100 KGS	Kochi	6760	6760	6760
Refsoy Oil	10 KGS	Indore	761.65	762.3	761.1
CPO	10 KGS	Kandla	618.8	619.3	617.5
Mustard Oil	10 KGS	Jaipur	NA	794.1	790.7
Gnutoilexp	10 KGS	Rajkot	1220.7	1235	1235
Castor Oil	10 KGS	Kandla	NA	NA	NA
Crude Oil	1 BBL	Mumbai	5402	5402	5385
Furnace Oil	1000 KGS	Mumbai	NA	NA	NA
Sourcrd Oil	1 BBL	Mumbai	NA	NA	NA
Brent Crude	1 BBL	Mumbai	6175	6175	6200
Gur	40 KGS	Muzngr	NA	NA	NA
Sugars	100 KGS	Kolhapur	2823	2827	2829
Sugarm	100 KGS	Delhi	3088	3100	3100
Natural Gas	1 mmBtu	Hazirabad	100.2	100.2	104.8
Rubber	100 KGS	Kochi	19550	19344	19276
Cotton	1 Bales	Rajkot	16300	16320	16290
Cotton Med	1 Maund	Sriganganagar	NA	NA	NA
Jute	100 KGS	Kolkata	2509.5	2480	2479.5
Gold	10 GRMS	Ahmd	28588	28613	28855
Gold Guinea	8 GRMS	Ahmd	22962	22983	23177
Silver	1 KGS	Ahmd	56314	56001	55850
Sponge Iron	1 MT	Raipur	NA	NA	NA
Steel Flat	1000 KGS	Mumbai	NA	NA	NA
Steel Long	1 MT	Gobindgarh	NA	NA	NA
Copper	1 KGS	Mumbai	423.95	423.95	417.5
Nickel	1 KGS	Mumbai	922.7	918.8	929
Aluminium	1 KGS	Mumbai	105.8	105.05	107.15
Lead	1 KGS	Mumbai	109.15	109	109.8
Zinc	1 KGS	Mumbai	103.95	103.7	104.95
Tin	1 KGS	Mumbai	1105	1100	1129

(Source: MCX Spot Prices)

Union Finance Minister Pranab Mukherjee's Intervention Statement on 'Energy and Commodities' in G-20 Finance Ministers and Central Bank Governors' (CBGs) Meeting in Washington DC

As a major commodity importer, India is very concerned about the increase and volatility of commodity, and especially oil, prices, in recent times that seem to be not aligned with underlying economic fundamentals. These distortions are, inter alia, adding to inflationary pressures in a number of developing countries, including India.

Despite several studies, including one done by the G 20 itself, it is still not very clear as to what is driving this heightened volatility, which seems to be a mix of financialization of commodity markets, monetary policy actions, political uncertainties, and demand-supply imbalances.

We feel that improving information and transparency in commodity markets, including futures and over the counter markets would help alleviate the problem. We therefore welcome the G 20 initiatives in this direction. There is an urgent need for countries to put in place a mechanism for gathering commodity market information and creating a publicly accessible comprehensive data base on production, price, inventories, demand and supply forecasts, etc. An unfettered access to vital information on the commodity markets would discourage excessive speculation and exaggerated price movements.

WORLD TRADE SCANNER

BIG's WEEKLY INDEX OF CHANGES

Tea Exports from Assam to Bangladesh to Rise with EDI Link

Mr. M. Rafeeque Ahmed, President, FIEO while complimenting the Ministry of Commerce on the recent EDI connectivity provided to Amingaon ICD stated that this trade facilitation measure would enable easy off-take of tea from the North East besides waiving of haulage charges and providing an additional capacity of 10,000sq.feet in line with the requirements of exports from the region under ASIDE scheme would provide the necessary boost to tea exports from the region.

FIEO Chief stated that in the 2011-12 budget, the State Government had enhanced deduction from agricultural income on tea exported through the depot to Rs 6 per kg of made tea for one year with effect from April 1, 2011, to March 31, 2012, under the Assam Agricultural Income Tax (Amendment) Act, 2011.

So far, 2,383 containers have been exported from the depot and another three to four more are being sent. Altogether 2,285 containers were dispatched in 2010-11, compared to 2,954 in 2009-10 - the highest since the inception of the depot.

Mr. Ahmed urged that the Rs 6 per kg reduction in tax needs to be continued for at least three more years, as the revenue impact of such a step would be marginal for the government, but would provide a significant boost to tea exports from the region. Also, there will be no direct loss of revenue to the government as the relief will be dependent on the agricultural income earned by the exporters. The relief by way of a tax reduction would enable exporters to quote more competitively while targeting these thrust markets.

India's Investment Grade Rating at Risk as S&P Cuts Outlook

India's sovereign credit outlook was lowered to negative from stable by Standard & Poor's, taking the nation a step closer to junk status and dealing a further blow to Prime Minister Manmohan Singh's economic agenda.

"India's investment and economic growth have slowed, and its current-account deficit has widened," S&P said in a statement on 25 April, reaffirming its BBB- long-term India rating, the lowest investment grade. "We are revising the outlook on the long-term ratings on India to negative to reflect at least a one-in-three likelihood of a downgrade."

Bonds fell, stocks declined and the rupee pared gains as S&P's decision underscored rising concern that Asia's third-largest economy will fail to stem a growth slowdown and widening budget and current-account deficits. Singh's push to lure investment has been hurt by corruption scandals, inflation and political opposition to steps such as opening the retail industry to foreign companies.

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