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India Bends on Iran Oil under Hillary Pressure, Crude Purchase to Fall by 3.5mn tonnes this Year

India will curtail its imports of Iranian oil by 20 percent, officials said, as U.S. Secretary of State Hillary Clinton held talks in New Delhi to enlist India's help with sanctions aimed at pressuring Iran over its nuclear program.

Asia's third-biggest oil importer will cut purchases of crude from Iran to 14 million tons from 17.5 million tons in the 12 months ending March 31, according to two Indian diplomats and two refinery officials who asked not to be identified because they weren't authorized to speak publicly. The officials said Iranian crude would account for 7 percent of India's imports in fiscal year 2013, down from 10 percent currently.

India says it has been steadily reducing its dependence on Iranian oil even as its energy needs grow. More than 16 percent of India's oil, or 21.8 million tons, was sourced from Iran in fiscal year 2009, compared with 17.5 million tons or 10 percent of total imports this fiscal year, according to two Indian officials.

Hillary says that there is sufficient production from Saudi Arabia, Iraq and other Persian Gulf nations for Iran's customers to find alternate suppliers, she said.

In their meetings, Indian Prime Minister Manmohan Singh, National Security Adviser Shivshankar Menon and Hillary agreed that Iran must fulfill its United Nations obligations to abandon any possible military dimensions of its nuclear program, according to a State Department official present at the talks who spoke on condition of anonymity. (The Security Council resolution does not authorize sanctions on Iran).

The U.S. wants India to abide by its Iran sanctions that will penalize financial institutions doing business with Iran in nations that fail to"significantly reduce" purchases of Iranian oil before a June 28 deadline.

India is second-biggest buyer of Iranian oil last year. It imports almost 80 percent of its crude and has growing demands for an economy forecast to expand 7.3 percent in the year through March 2013, making energy security a top government concern.

Iran Partners India in Transit into Afghanistan

While India has abided by several rounds of UN sanctions on Iran, it has publicly criticized unilateral American sanctions as an infringement on its sovereignty. U.S. and Indian officials say that while Singh's administration doesn't want to isolate Iran, an important trading partner and a route for India into Afghanistan, the government in New Delhi is quietly cooperating with oil sanctions and seeking an exemption from the U.S. penalties on financial transactions with Iran.

In March, the U.S. issued renewable, 180-day exemptions from sanctions to 10 EU nations and Japan, crediting them with significantly reducing imports of Iranian crude. India and China are in the queue U.S. exemption.

Carlos Pascual, the U.S. special envoy in charge of negotiations with the 12 Iranian oil importing nations that haven't yet been granted exemptions, will follow up on Clinton's visit with a mission to New Delhi this month.

U.S. and EU Sanctions to Operate from 1 July

The U.S. law, along with a European Union oil embargo that takes effect July 1, are pillars of a campaign intended to squeeze Iran's main source of revenue to force it to meet international demands over the country's nuclear program. The U.S., Europe and Israel say the program is a cover for developing an atomic weapons capability. Iran says it's for civilian energy and medical research.

Representatives of the five permanent members of the UN Security Council - the U.S., Britain, France, China, Russia -and Germany plan to meet with Iranian officials again in Baghdad on May 23 in an effort to craft a negotiated settlement.

An array of financial sanctions imposed in the last year have made it difficult for Iran's customers to find banks to settle payments for Iranian oil. A request from Iran's Parsian Bank to open an office in Mumbai was rejected because of U.S. pressure, two people with knowledge of the matter said on 6 May.

The exporters led by FIEO have managed to establish, Indian officials are a rupee account at state-run UCO Bank (UCO) that Indian refiners can use to pay for as much as 45 percent of Iranian oil purchases — and which Iran may then use to purchase Indian goods in rupees. Our sources say that the account is flush with $5bn of funds (45% of the 14mn tonnes crude purchase running into $11bn) expected to enter the account to pay for Indian exports of food commodities, steel and pharma goods.

Clinton's trip to New Delhi coincides with the visit of an Iranian trade delegation to discuss the arrangement. Since the goods under discussion are foodstuffs and other non-strategic items, the U.S. doesn't have a problem with the arrangement, as long as it doesn't violate any sanctions, according to three U.S. officials who spoke on condition of anonymity. (The U.S. could well exempt the trade from the financial sanctions programes).

Duty Free Baggage Allowance for Kids Raised to 15k

37-Cus(NT) 23.04.2012 (DoR)

In exercise of the powers conferred by section 79 of the Customs Act, 1962 (52 of 1962), the Central Government hereby makes the following rules further to amend the Baggage Rules, 1998, namely:-

1. (1) These rules may be called the Baggage (Second Amendment) Rules, 2012

(2) They shall come into force on the date of their publication in the Official Gazette.

2. In the **Baggage Rules, 1988**, in **Appendix A**, in condition (2), against item number (c) in column (1), for "Rs. 6,000", "Rs. 15,000" shall be substituted.

Finance Minister Retreats on GAAR, TDS, Jewellery Excise

More Changes Today

The text of the Opening Remarks made by the Union Finance Minister Pranab Mukherjee at the beginning of the discussion on Finance Bill 2012 in Lok Sabha is given below:

"I presented the Budget for the year 2012-13 on 16th of March, 2012. Since then I have received a large number of suggestions both from within the House and outside. Most of these pertain to tax proposals and range from seeking modification of some proposals to reconsideration or review of certain others. Requests have also been received for granting some fresh reliefs. I express my sincere gratitude to everyone for the interest they have shown in appraising my Budget proposals. I appreciate the valuable suggestions they have made and understand the concerns they have expressed.

While I propose to address some of these through amendments to the Bill, a number of concerns relating to indirect taxes can be addressed through notifications. I shall now take up the significant amendments to the Budget proposals.

Direct Taxes

I thank the members of the Standing Committee for examining the Direct Taxes Code Bill (DTC) and making valuable suggestions. Some of the proposals in the DTC such as removal of the cascading effect of the Dividend Distribution Tax, allowing Venture Capital to invest in all sectors, introduction of Advance Pricing Agreements and raising the threshold limit for audit and presumptive taxation to Rs. 1 crore which have been endorsed by the Standing Committee, have already been included in the Finance Bill. However, I could not consider all the recommendations of the Committee as the Report was received on 9th of March, after most of the proposals of the Finance Bill, 2012 had been finalized.

In addition, certain provisions relating to a General Anti-Avoidance Rules (GAAR) have also been proposed in the Finance Bill, 2012. After examining the recommendations of the Standing Committee on GAAR provisions in the DTC Bill 2010, I propose to amend the GAAR provisions as follows:

1. Remove the onus of proof entirely from the taxpayer to the Revenue Department before any action can be initiated under GAAR.

(ii) Introduce an independent member in the GAAR approving panel to ensure objectivity and transparency. One member of the panel now would be an officer of the level of Joint Secretary or above from the Ministry of Law.

2. Provide that any taxpayer (resident or non-resident) can approach the Authority for Advance Ruling (AAR) for a ruling as to whether an arrangement to be undertaken by her is permissible or not under the GAAR provisions.

To provide greater clarity and certainty in the matters relating to GAAR, a Committee has been constituted under the Chairmanship of the Director General of Income Tax (International Taxation) to give recommendations for formulating the rules and guidelines for implementation of the GAAR provisions and to suggest safeguards so that these provisions are not applied indiscriminately. The Committee has already held several rounds of discussion with various stakeholders including the Foreign Institutional Investors. The Committee will submit its recommendations by 31st May 2012.

To provide more time to both taxpayers and the tax administration to address all related issues, I propose to defer the applicability of the GAAR provisions by one year. The GAAR provisions will now apply to income of Financial Year 2013-14 and subsequent years.

Hon'ble Members are aware that a provision in the Finance Bill which seeks to retrospectively clarify the provisions of the Income Tax Act relating to capital gains on sale of assets located in India through indirect transfers abroad, has been intensely debated in the country and outside. I would like to confirm that clarificatory amendments do not override the provisions of Double Taxation Avoidance Agreement (DTAA) which India has with 82 countries. It would impact those cases where the transaction has been routed through low tax or no tax countries with whom India does not have a DTAA .

The retrospective clarificatory amendments now under consideration of Parliament will not be used to reopen any cases where assessment orders have already been finalized. I have asked the Central Board of Direct taxes to issue a policy circular to clearly state this position after the passage of the Finance Bill.

Currently, long term capital gain arising from sale of unlisted securities in the case of Foreign Institutional Investors is taxed at the rate of 10% while other non-resident investors, including Private Equity investors are taxed at the rate of 20%. In order to give parity to such investors, I propose to reduce the rate in their case from 20% to 10% on the same lines as applicable to FIIs.

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
07-May-12	54.0850	54.0850	53.0900	53.1725	53.1725	1700583	2406662	1287210	53.3420
04-May-12	53.9350	54.1775	53.7200	53.7700	53.7700	1615475	2689608	1452170	53.7225
03-May-12	53.3100	53.7525	53.3100	53.7175	53.7175	1773776	2024949	1085075	53.2395
02-May-12	52.9375	53.3200	52.8825	53.2500	53.2500	1692442	1842924	980107	52.9305

[Source: NSE and RBI Website]

Sugar Export Needs Release Order from Dir of Sugar

Export of Sugar is free subject to issue of release order by the Directorate of Sugar, Department of Food & PD. Export of preferential quota sugar to EU and USA is under State Trading dispensation. Export of 10,000 MTs of organic sugar per annum subject to registration of contract with APEDA does not require release order from the Directorate of Sugar, Department of Food & PD.

During the year 2011-12, 10,000 MTs of sugar to EU and 8,300 MTs of sugar to USA under Preferential Quota has been permitted. India allows export of sugar to Maldives under bi-lateral trade agreement. In 2011-12, export of 18,961.80 MTs of sugar has been permitted for export to Maldives under this agreement.

To promote further depth of the capital markets through listing of companies, I propose to extend the benefit of tax exemption on long term capital gains to the sale of unlisted securities in an initial public offer. For this purpose, I propose to provide the levy of Securities Transaction Tax (STT) at the rate of 0.2 per cent on such sale of unlisted securities.

It has been proposed in the Finance Bill that any consideration received by a closely held company in excess of the fair market value of its shares would be taxable. Considering the concerns raised by 'angel' investors who invest in start-up companies, I propose to provide an enabling provision in the Income Tax Act for exemption to a notified class of investors.

In order to augment long-term low cost funds from abroad for the infrastructure sector, Finance Bill proposes a lower rate of withholding tax of 5% for funding specific sectors through foreign borrowings. To further facilitate access to such borrowings, I propose to extend the lower rate of withholding tax to all businesses. This lower rate of tax would also be available for funds raised through long term infrastructure bonds in addition to borrowing under a loan agreement.

The Reserve Bank of India is formulating a scheme for subsidiarisation of Indian branches of foreign banks to ring fence Indian capital and Indian operations from economic shocks external to the Indian economic scenario. To support this effort, I propose to provide tax neutrality for such subsidiarisation.

The Finance Bill proposes that every transferee of immovable property (other than agricultural land), at the time of making payment for transfer of the property, shall deduct tax at the rate of 1% of such sum. I have received a number of representations pointing out the additional compliance burden this measure would impose. I, therefore, propose to withdraw this provision for levy of TDS on transfer of immovable property.

To curb the flow of unaccounted money in the bullion & jewellery trade, the Finance Bill proposes the collection of tax at source (TCS) by the seller at the rate of 1 per cent of the sale amount from the buyer for all cash transactions exceeding Rs.2 lakh. Responding to the repre-

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Micro/Mini SD Cards Classified in Sub-heading 8523.51 as Semiconductor Media

Subject: Classification of Micro / Mini SD Cards

12-CBEC
01.05.2012
(DoR)

Doubts have been raised as regards the classification of Micro / Mini SD Cards in the Sub-heading 852351, which covers Semiconductor media, Solid – state non-volatile storage devices or the Sub-heading 852352, which applies to Semiconductor media, Smart cards. The matter was also deliberated upon in the Bangalore 2011 Conference of Chief Commissioners of Customs.

2. The correct classification of Micro / Mini SD Cards was examined in the Board and also deliberated in the 49th meeting of WCO's Harmonized Systems Committee (HSC). The technical inputs received revealed that the product structure of Micro /Mini SD Cards can be divided into two broad categories: **Category 1:** where there is PCB in the same housing, and **Category 2:** where there is no PCB instead there is substrates like alumina substrate with IC mounted in the substrate and interconnects printed on substrate.

3. Reportedly, at the time when **Note 4(a) to Chapter 85** was adopted the solid-state non-volatile storage cards included a traditional printed circuit board. SD card technology has since evolved and now uses **"Chip on Board"** substrate packaging (also known as **System-in-Package** or **SIP**) instead of traditional printed circuit board assembly packaging to provide the exact same SD functionality. The Current SD cards contain a *substrate or support* on which the components (flash memory, controller, passive elements) are mounted. Moreover, Note 5 to Chapter 85 defines printed circuits for the purposes of heading 8534 and the Explanatory Note thereto provides further insight that confirms that circuits are made by forming on an insulating base, by ***any*** printing process (conventional printing or embossing, plating-up, ***etching***, etc.), conductor elements (wiring), contacts or other printed components such as inductances, resistors and capacitors ("passive" Elements), other than elements which can produce, rectify, detect, modulate or amplify electric signals, such as diodes, triodes or other "active" elements. In this regard the WCO's HSC is of the opinion that a very broad definition of printed circuits was intended.

4. Micro / Mini SD Cards are manufactured using an *etching process.* The etching process is one of the processes specifically identified in the definition of *"printed circuit"* in Note 5 to Chapter 85. Thus, the substrates used fully comply with the definitions of printed circuits found in the Harmonized System and therefore, the substrate of Micro / Mini SD Cards qualifies as a printed circuit board for purposes of Note 4(a) to Chapter 85.

5. The issue of classification of Micro / Mini SD cards was also referred to the Department of Information Technology (DIT), Ministry of Communications & Information Technology. Technical inputs from this Ministry revealed that connecting pins can be treated as connecting sockets and the product covered in the aforesaid two broad categories remain solid-state non-volatile storage devices even when substrate is of alumina. This Ministry has also suggested classification of Micro / Mini SD Cards in Sub-heading 8523.51

6. In view of the aforesaid, Board is of the considered view that in case of Micro / Mini SD Cards wherein the PCB is substituted by substrates, then such substrates fully comply with the definitions of printed circuits found in the Harmonized System and the qualifies as a printed circuit board and connecting pins qualifies as connecting sockets for purposes of Note 4(a) to Chapter 85. As such, **Micro / Mini SD Cards are correctly classified in Sub-heading 8523.51 as *Semiconductor media,* solid-state, non-volatile data storage devices by application of General Rules for Interpretation of Import Tariff (GRIs) 1 (Note 4(a) to Chapter 85) and 6.**

7. The Board desires that the pending provisional assessment cases of Micro/ Mini SD Card imports may be finalised on the basis of above instructions. Difficulties, if any, in implementation, may be brought to the notice of the Board.

F. No. 528/27/2010-CUS (TU)

No Revalidation of Exports will be Granted to RCs for both Cotton and Cotton Yarn

Subject: Clarification regarding withdrawal of provision of revalidation of RCs by RAs for export of cotton and cotton yarn.

61-Pol.Cir
01.05.2012
(DGFT)

A question has been raised by certain exporters whether revalidation provision for cotton yarn still continues. This may be due to the fact that the subject header in Public Notice No. 102 dated 16.03.2012 mentions "Procedure for scrutiny and revalidation of Registration Certificate for export of cotton [ITC(HS) code 5201 & 5203]", but the content of Para 3 refers to both cotton & cotton yarn.

2. Policy Circular No. 51(RE-2010)/2009-14 dated 28.12.2011 had mentioned at Serial Number 5 of the Table in para 3 that revalidation could be permitted to the RCs issued for export of both cotton and cotton yarn. Although the subject header of Public Notice No. 102 dated 16.03.2012 mentions cotton only but para 3 of Public Notice No. 102 clearly states that the provision of revalidation of RCs by RAs as contained in Policy Circular No. 51(RE-2010)/2009-14 dated 28.12.2011, stands withdrawn, which provision was for both cotton and cotton yarn.

3. In order to set all doubts to rest, it is reiterated that the revalidation provision of Policy Circular No. 51(RE-2010)/2009-14 dated 28.12.2011 stands withdrawn as stated in Para 3 of Public Notice No. 102 dated 16.03.2012**.** Accordingly no revalidation will be granted to RCs for cotton and cotton yarn.

4. This issues with the approval of Director General of Foreign Trade.

DGFT Reopens Cotton Export with Contract Registration, Suspension of Old RCs Revoked

Subject: Permission for registration of contracts for export of cotton (Tariff Codes 5201 and 5203).

113-Ntfn(RE)
04.05.2012
(DGFT)

In exercise of the powers conferred by Section 5 of the Foreign Trade (Development & Regulation) Act, 1992 (No.22 of 1992) read with Para 2.1 of the Foreign Trade Policy, 2009-14, the Central Government hereby deletes Para 4 of Notification No. 106 (RE-2010)/2009-14 dated 12.03.2012 with immediate effect to allow further registration of contracts for export of cotton under Tariff Item HS code 5201 & 5203 [Sl. Nos. 197 & 199 of ITC(HS) Classification of Export & Import Items].

2. The registration will be subject to the following conditions:

(i) Registration Certificates (RCs) will be issued by the 7 designated Regional Authorities of DGFT at Ahmedabad, Bengaluru, Chennai, CLA New Delhi, Hyderabad, Kolkata and Mumbai.

(ii) Procedure of obtaining Registration Certificate (RC) as stipulated in Notification No. 63 (RE-2010)/2009-14 dated 04.08.2011 and modified by Notification No. 74 (RE-2010)/2009-14 dated 12.09.2011 will continue to apply.

(iii) An exporter can apply for one RC at a time for a maximum quantity of 10,000 bales (1 bale=170kg) or actual quantity exported in the current cotton season, **whichever is less.** Exporters who have exported upto 1500 bales during current cotton season and new comers (a new comer is an exporter who has not exported cotton in the current cotton season) can apply "upto 1500 bales". Eligibility to apply for a subsequent RC will be on completion of at least 50% of the exports against the RC obtained now under this notification (exporters would be required to submit the documentary proof of such exports to the concerned RAs alongwith the application for issue of new RC).

(iv) For ease of calculation, RC holders are encouraged to apply in next higher multiples of 10. (For example an exporter who has exported 1387 bales during current cotton season is encouraged to apply for 1390 bales).

(v) It is reiterated that revalidation of Registration Certificates will not be permitted as mentioned in para 3 of Public notice 102 of 16th March 2012.

3. Effect of this notification

The issue of Registration Certificates for export of cotton was suspended on 12.03.2012. This suspension is withdrawn with immediate effect.

Quota Limits not to Apply on Cotton Exports by Cotton Corporation

Subject:- Permission to The Cotton Corporation of India Ltd. for export of cotton (Tariff Codes 5201 and 5203) during the cotton season 2011-12.

114-Ntfn(RE) 04.05.2012 (DGFT) In exercise of the powers conferred by Section 5 of the Foreign Trade (Development & Regulation) Act, 1992 (No.22 of 1992) read with Para 2.1 of the Foreign Trade Policy, 2009-14, the Central Government has decided to allow export of cotton by The Cotton Corporation of India Ltd., a Public Sector Undertaking under Ministry of Textiles, during the current cotton season 2011-12 under Tariff Item HS code 5201 & 5203 [Sl. Nos. 197 & 199 of ITC(HS) Classification of Export & Import Items].

2. The conditions stipulated for issue of RC as mentioned in para 2(iii) and para 3 of Notification no 63 dated 4th August 2011 as amended by Notification no 74 dated 12th September 2011, and condition at para 2 (iii) of Notification no 113 dated 4th May 2012 will not apply to export of cotton by Cotton Corporation of India. The stipulation regarding Procedure for Reporting in Notification no. 63 dated 04.08.2011 will continue to apply.

3. Effect of this notification

Certain conditions regarding export of cotton have been relaxed for The Cotton Corporation of India Ltd., a Public Sector Undertaking under Ministry of Textiles, during the current cotton season 2011-12.

Another Five Years for Anti-dumping Duty on POY from China in Review

Ntfn 22-ADD 02.05.2012 (DoR) Whereas, the designated authority *vide* notification No. 15/27/2010-DGAD, dated the 11th February,2011, published in the Gazette of India, Extraordinary, Part I, Section 1, dated the 11th February,2011, had initiated review in terms of sub-section (5) of section 9A of the Customs Tariff Act, 1975 (51 of 1975) (hereinafter referred to as the said Customs Tariff Act) and in pursuance of rule 23 of the Customs Tariff (Identification, Assessment and Collection of Anti-dumping Duty on Dumped Articles and for Determination of Injury) Rules, 1995 (hereinafter referred to as the said rules), in the matter of continuation of anti-dumping duty on imports of Partially Oriented Yarn (POY) (hereinafter referred to as the subject goods), falling under Heading 5402 of the First Schedule to the Customs Tariff Act, 1975 (51 of 1975), originating in, or exported from, the People's Republic of China (hereinafter referred to as the subject country), imposed *vide* notification of the Government of India, in the Ministry of Finance (Department of Revenue), No. 92/2007-Customs, dated the 3rd August,2007, published in the Gazette of India, Extraordinary, Part II, Section 3, Sub-section (i), *vide* number G.S.R.535(E), dated the 3rd August,2007,as extended *vide* notification of the Government of India, in the Ministry of Finance (Department of Revenue), No. 71/2011-Customs, dated the 9th August, 2011, published in the Gazette of India, Extraordinary, Part II, Section 3, Sub-section (i), *vide* number G.S.R.609 (E), dated the 9th August, 2011, and had recommended, vide notification No. 15/27/2010-DGAD, dated the 10th February, 2012, published in the Gazette of India, Extraordinary, Part I, Section 1, dated the 10th February, 2012, continuation of anti-dumping duty at the rates notified *vide* notification of the Government of India, in the Ministry of Finance (Department of Revenue), No. 92/2007-Customs, dated the 3rd August,2007, published in the Gazette of India, Extraordinary, Part II, Section 3, Sub-section (i), *vide* number G.S.R.535(E), dated the 3rd August,2007,on imports of the subject goods originating in, or exported from, the subject country.

Now, therefore, in exercise of the powers conferred by sub-section (1) read with sub-section (5) of the section 9A of the said Customs Tariff Act, 1975 and rules 18 and 23 of the Customs Tariff (Identification, Assessment and Collection of Anti-dumping Duty on Dumped Articles and for Determination of Injury) Rules, 1995, the Central Government, on the basis of the aforesaid final findings of the designated authority, hereby imposes on the subject goods, the description of which is specified in column (3) of the Table below, falling under heading of the First Schedule to the Customs Tariff Act, 1975, as specified in the corresponding entry in column (2), the specification of which is specified in column (4) of the said Table, originating in the countries specified in the corresponding entry in column (5), and exported from the countries specified in the corresponding entry in column (6) and produced by the producers specified in the corresponding entry in column (7) and exported by the exporters specified in the corresponding entry in column (8), and imported into India, an anti-dumping duty which shall be equal to the amount specified in the corresponding entry in column (9), in the currency as specified in the corresponding entry in column (11) and per unit of measurement as specified in the corresponding entry in column (10) of the said Table.

Table

SNo.	Heading	Description of goods	Specification	Country of origin	Country of Export	Producer	Exporter	Amount	Unit of Measurement	Currency
(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)	(9)	(10)	(11)
1	5402	Partially Oriented Yarn	Any	People's Republic of China	Any	Any	Any	545.22	Metric tonne	US dollar
2	5402	Partially Oriented Yarn	Any	Any	People's Republic of China	Any	Any	545.22	Metric tonne	US dollar

2. The anti-dumping duty imposed shall be levied for a period of five years (unless revoked, superseded or amended earlier) from the date of publication of this notification in the Official Gazette and shall be payable in Indian currency.

Explanation. - For the purposes of this notification, "rate of exchange" applicable for the purposes of calculation of anti-dumping duty shall be the rate which is specified in the notification of the Government of India in the Ministry of Finance (Department of Revenue), issued from time to time, in exercise of the powers under sub-clause (i) of clause (a) of sub-section (3) of section 14 of the Customs Act, 1962 (52 of 1962) and the relevant date for determination of the rate of exchange shall be the date of presentation of the bill of entry under section 46 of the said Customs Act.

[F. No.354/100/2006-TRU (Pt.I)]

Casein and Casein Products Export Permitted under Licence

Subject:- Amendment in policy for export of Casein and Casein products.

112-Ntfn(RE) 01.05.2012 (DGFT) In exercise of powers conferred by Section 5 of the Foreign Trade (Development & Regulation) Act, 1992 (No. 22 of 1992) read with Para 2.1 of the Foreign Trade Policy, 2009-2014, the Central Government, with immediate effect, makes the following amendments in Schedule 2 of ITC(HS) Classification of Export & Import Items.

2. The existing entries against Sl. No. 174 in chapter 35 of Schedule 2 of ITC(HS) Classification of Export & Import items are substituted as follows:

SNo.	Tariff Item HS Code	Item Description	Export Policy	Nature of Restriction
174	3501	Casein, caseinates and other casein derivatives; casein glues	Restricted	Export permitted under licence.

3. Export Licensing Note 1, Note 2 & Note 3 of Chapter 35 pertaining to prohibition on export of casein and casein derivatives stand abated.

4. Effect of this notification

Export of Casein and Casein products has been moved from "Prohibited" to "Restricted" category. Export of casein is now permitted under licence.

FPS and VKGUY Benefits for Items in Revised ITC(HS) Codes

Subject: Amendments in Appendix 37A & Appendix 37D of Handbook of Procedure, Vol.I.

109-PN(RE) 03.05.2012 (DGFT) In exercise of powers conferred under paragraph 2.4 of the Foreign Trade Policy, 2009-2014, the Director General of Foreign Trade hereby makes the following amendments in the Handbook of Procedures Vol.1 (Appendices and Aayat Niryat Forms) 2009-2014:-

2. Though ITC HS Codes of the following items were renotified vide DGFT Notification No.94 (RE-2008)/2004-2009 dated 02.03.2009, Department of Revenue Notification No. 23/2010- Central Excise (N.T.) dated 20.05.2010 and DGFT Notification No. 51/2004-2009 dated 08.07.2010, the relevant entries in Appendix 37A & Appendix 37D were not accordingly modified. This is being done now in this Public Notice.

3. In **Appendix 37A (VKGUY),** the ITC HS Codes are being revised at column 4 of table below [existing codes are at column 3]:

Table 1F: Minor Forest Produce & Value Added Variants

SNo.	VKGUY Product Code	Existing ITC HS Code	Revised ITC HS Code	Description	Effective Date
1.	1	13011010	13019099	Other: Shellac	02.03.2009
2	2	13011020	13019099	Other: Seed Lac	02.03.2009

4. In **Appendix 37D (FPS),** the revised ITC HS Codes are in column 4 in the table below [existing codes at column 3]:

Table 1

SNo.	FPS Product Code	Existing ITC HS Code	Revised ITC HS Code	Description	Effective Date
32	32	53051140	53050040	Coir Pith, Processed in value added forms like briquette, coins, neo disc, grow bags, organic manure and in loose form for use in horticulture or agriculture.	08.07.2010
62	62	85281218	85287218	Liquid Crystal Display Television Set of screen size below 63 cm	02.03.2009
		85281219	85287219	Other: Liquid Crystal Display Television Set of screen size above 63 cm	02.03.2009
			Table-4:		
98	98	63026000	63026010 63026090	Toilet linen and kitchen linen, of terry toweling or similar terry fabric, of cotton.	20.05.2010
		63029900	63029900	Toilet linen and kitchen linen, of other textiles materials.	-

5. **Effect of this Public Notice:**

ITC (HS) Code of 6 existing products have been revised as appearing in the column 3 of para 3 & 4 above. These new codes would also be eligible for benefits for grant of VKGUY and FPS, as the case may be, if these appear in the Shipping Bills.

New DGFT Regional Office at Srinagar

Subject: Amendment in Appendix 1 of Handbook of Procedure Vol. I (Appendices and Aayat Niryat Forms), 2009-2014.

108-PN(RE) 02.05.2012 (DGFT) In exercise of powers conferred under paragraph 2.4 of the Foreign Trade Policy 2009-2014, the Director General of Foreign Trade hereby makes the following amendments in Handbook of Procedure Vol. I (Appendices and Aayat Niryat Forms), 2009-2014:

Amendment in Appendix 1 (List of Regional Authorities and their jurisdiction):

I. The following entry is added at S. No. 11 B in Appendix 1 as under:

SNo.	Name & Address	Telephone No./ Fax.No./E.mail	Territorial Jurisdiction
(1)	(2)	(3)	(4)
11B	The Joint Director General of Foreign Trade, Export Development Center, Block-D, Exhibition Ground, Srinagar-190001	Tel: 0194-2478617 srinagar-dgft@nic.in	Districts of Srinagar, Kupwara, Kulgam, Pulwama, Ganderbal, Shopian, Bandipora, Baramulla, Anantnag, Budgam, Leh, Kargil.

II. Territorial Jurisdiction of office of The Joint Director General of Foreign Trade, Jammu under Column 4 at S.No. 11 is amended as under:

"Districts of Jammu, Kathua, Poonch, Rajouri, Udhampur, Samba, Reasi, Ramban, Doda and Kishtwar."

Online Transmission at Tondiarpet ICD from 8 May 2012

Sub:- Online transmission of DES (Advance Authorization), DFIA and EPCG at ICD CONCOR, Tondiarpet, Chennai, Tamilnadu ***(IN TVT 6)*** *w.e.f. 08.05.2012.*

60-Pol.Cir 30.04.2012 (DGFT) As and when Customs (CBEC) have conveyed their readiness to implement on-line message exchange between Customs and DGFT, Policy Circulars have been issued from time to time by DGFT indicating the names and Port Codes of such Customs Ports where EDI facility would be available. Such Policy Circulars issued in past are listed below:

(i) Policy Circular No. 28 (RE-2005)/2004-2009, dated 6th October, 2005.

(ii) Policy Circular No .44 (RE-2005)/2004-2009, dated 10th January, 2006.

(iii) Policy Circular No. 32 (RE-2010)/2009-2014, dated 14th May, 2010.

(iv) Policy Circular No. 37/2009-2014, dated 7th July,2010.

(v) Policy Circular No. 26 (RE-2010)/ 2009-14 dated 21st March, 2011.

(vi) Policy Circular No. 36 (RE-2010)/ 2009-14 - dated 5th August, ,2011

(vii) Policy Circular No. 40 (RE-2010)/ 2009-14 dated 9th September, 2011

(viii) Policy Circular No. 49 (RE-2010)/2009-14 dated 22nd December, 2011

2. Now it has been decided to add the following one new location to 85 existing locations for on-line transmission of DES (Advance Authorization), DFIA and EPCG:

SNo	Name of new ICES Location	LOCODE (Customs Port Codes)	State
1	ICD CONCOR, Tondiarpet, Chennai	IN TVT 6	Tamilnadu

3. Accordingly, with effect from 8th May, 2012 following shall be mandatory:

(a) All Shipping Bills issued after 08.05.2012 related to various Foreign Trade Policy Schemes from this port will be transmitted through EDI mode to DGFT.

(a) All authorizations for DES (Advance authorization), DFIA and EPCG in respect of this port issued on or after 08.05.2012 by Regional Authorities would be communicated to Customs on-line.

4. This issues with the approval of the DGFT.

Effect of Public Notice

Details of the new regional office at Srinagar and revised jurisdiction of RA, Jammu have been incorporated.

DGFT Notifies 53 SEZ Port Codes

Sub: File applications for 53 SEZ ports codes.

59-Pol.Cir 24.04.2012 (DGFT) Director General (Systems) have accorded SEZ port codes to the following 53 SEZs which have been uploaded on DGFT's website:-

SNo.	Name of new SEZ Port / Location	LOCODE (SEZ Port Codes)	State
1	L & T Ltd./SEZ/ Vadodara / Gujrat	IN BRL 6	Gujarat
2	GLOBAL VILLAGE SEZ/Bangalore	IN KGG 6	Karnataka
3	BAGMANE SEZ/Bangalore	IN KJB 6	Karnataka
4	CESSNA GARDEN SEZ/Bangalore	IN BLC 6	Karnataka
5	WIPRO SARJAPUR SEZ/Bangalore	IN CRW 6	Karnataka
6	KEONICS SEZ/Shimoga	IN SMK 6	Karnataka
7	WIPRO ELEC CITY SEZ/Karnataka	IN SBW 6	Karnataka
8	GOPALAN GLOBAL SEZ/Bangalore	IN KJG 6	Karnataka
9	INFOSYS SEZ/Mangalore	IN MAI 6	Karnataka
10	INFOSYS SEZ/Mysore	IN HEI 6	Karnataka
11	MEBP SEZ/Bangalore	IN HEM 6	Karnataka
12	PRITECH PARK SEZ/Bangalore	IN BCP 6	Karnataka
13	INFORMATION TECH PARK SEZ/ Bangalore	IN WFI 6	Karnataka
14	L AND T SEZ/Mysore	IN MYL 6	Karnataka
15	APP SEZ/Doddakanahalli	IN KJA 6	Karnataka
16	KIADB SEZ/MANGALORE	IN MQK 6	Karnataka
17	KIP SEZ/North Bangalore	IN YNK 6	Karnataka
18	VTV SEZ/Bangalore	IN BLV 6	Karnataka
19	RENAISSANCE SEZ/Mysore	IN MSR 6	Karnataka
20	DIVYASREE TECNOPARK SEZ/ Bangalore	IN KJD 6	Karnataka
21	HCL TECH SEZ/Bangalore/Karnataka	IN KJH 6	Karnataka
22	MILESTONE BUILDCON SEZ/ Bangalore	IN YNM 6	Karnataka
23	BRIGADE ENTER SEZ/Kannada	IN MAB 6	Karnataka
24	OPTO INFRA SEZ/HASSAN	IN HAO 6	Karnataka
25	OPTA INFRA SEZ/MYSORE	IN MYO 6	Karnataka
26	KIADB AERO SEZ/Bangalore	IN SBK 6	Karnataka
27	INFOSYS SEZ/Bangalore	IN SBL 6	Karnataka
28	ULCCS SEZ/Kozhikode	IN CLU 6	Kerala
29	KSITIL SEZ/Payyanoor	IN PAK 6	Kerala
30	KSITIL SEZ/Kollam	IN KUK 6	Kerala
31	ELECTRONIC TECH-I SEZ/ Thiruvanantha puram	IN KZE 6	Kerala
32	ELECTRONICS TECH PARK-II SEZ/ Thiruvanantha puram	IN KZT 6	Kerala
33	ELECTRONICS TECH PARK-III SEZ/ Thiruvanantha puram	IN KZP 6	Kerala
34	KSITIL SEZ/Alappuzha	IN AMK 6	Kerala
35	KINFRA ELEC SEZ/Kanayannoor	IN KLK 6	Kerala
36	SMART CITY SEZ/Ernakulam	IN KLS 6	Kerala
37	INFOPARKA SEZ/Ernakulam	IN KMI 6	Kerala
38	BLUESTAR REALTORS SEZ / Ernakulam	IN KLB 6	Kerala
39	SGS SEZ/Ernakulam	IN KLG 6	Kerala
40	INFOPARK SEZ/Ernakulam	IN KLI 6	Kerala
41	CARBODUNDUM UNIVERSAL SEZ / Ernakulam	IN KLC 6	Kerala
42	KSITILA SEZ/Alappuzha	IN SRK 6	Kerala
43	KSITIL SEZ/Kozhikode	IN CLK 6	Kerala
44	Arshiya International Ltd SEZ/Panvel	IN PNV 6	Maharashtra
45	SBPP-SEZ-HADAPSAR/PUNE	IN PNQ 6	Maharashtra
46	Multi Service-SEZ/Dronagiri (Distt. Navi Mumbai)	IN BAP 6	Maharashtra
47	Multi Service-SEZ/Kalamboli (Distt. Navi Mumbai)	IN KLM 6	Maharashtra
48	IT/ITES-A-SEZ/Ulwe (Distt. Raigad)	IN BAU 6	Maharashtra
49	IT/ITES-B-SEZ/Ulwe (Distt. Raigad)	IN BAI 6	Maharashtra
50	Gem & Jewellery – SEZ / Ulwe (Distt. Raigad)	IN BAG 6	Maharashtra
51	Multi Services-SEZ / Ulwe (Distt. Raigad)	IN BAM 6	Maharashtra
52	IT/ITES SEZ/KALAMBOLI	IN KLN 6	Maharashtra
53	J M FTZ – SEZ/MANNUR	IN CJJ 6	Tamilnadu

2. Applicants may file applications using these codes in DGFT server wherever required under the provisions of Foreign Trade Policy 2009-14/ SEZ Act and Rules.

3. This issues with the approval of the DGFT.

Changes in Tariff Value

- Brass Scrap Up by US$13/MT
- Silver Down by US$40 per kg and Gold US$1 per 10 gm

39-Cus(NT) 30.04.2012 (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)	4298
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 or 98	Gold, in any form, in respect of which the benefit of entries at serial number 321 and 323 of the Notification No. 12/2012-Customs dated 17.03.2012 is availed	541 per 10 grams
2	71 or 98	Silver, in any form, in respect of which the benefit of entries at serial number 322 and 324 of the Notification No. 12/2012-Customs dated 17.03.2012 is availed	1011 per kilogram"

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

SION E-1A Renumbered as SION E-131 – No Change in the Description or Quantity

Subject: Amendment of Standard Input Output Norms (SION) of Food Products (Product Code: 'E') in the Handbook of Procedures V.2 (2009-14): Re-numbering of SION E - 1A as E - 131

107-PN(RE) 30.04.2012 (DGFT) Public Notice No. 94 issued on 1st February 2012 had notified SION E-1 & E-1A, for export products "Assorted Confectionery (with Sugar) & Assorted Confectionery (Sugar Free)" respectively. Due to system limitation, it has not been operational so far, which has necessitated renumbering of this SION.

Accordingly, in exercise of the powers conferred under Para 2.4 of the Foreign Trade Policy, 2009-14, the Director General of Foreign Trade hereby re-numbers SION E-1A as E-131 for the export product "Assorted Confectionery (Sugar Free)" in the Handbook of Procedure V.2 (2009-14). The quantity and description of import items is the same as permitted earlier and is reproduced as below:-

SNo.	Export Item	Qty.			Import Item	Qty.allowed
E-131	Assorted Confectionery (Sugar Free)	100 Kg	1*	a)	Saccharin Sodium OR	200gms
				b)	Aspertame OR	400gms
				c)	Acesulfame Potassium	400gms
			2**		Starch/ Modified Starch/ Gelatin	60 Kg
			3		Liquid Glucose	20 Kg
			4	i	Relevant Fruit (Juice/ Pulp /Puree) OR	15 Kg
				ii	Cocoa, Milk & Milk Products	10 Kg
			5		Citric Acid/Tartaric Acid/Malic Acid(Food Grade relevant)	03 Kg
			6	i)	Relevant Essential Oils	500gms
				ii)	Relevant Food Colours	10gms
				iii)	Relevant food Flavours	100gms
			7		Emulsifier/ Stabilizer / Glazing Agent/Binders / Thickeners (item as per PFA Act 1955)	100gms
			8		Other Confectionery ingredients — edible molasses, malt extracts; edible oils and fats, fruits and fruit products, nut and nut products,tea extracts,coffee extracts,edible desiccated coconut.	05 kg
			9		Packing Material	As per packing policy

***Note:-1.**Import of artificial sweetening agents viz. Lactose/ Mannitol, as substitute inputs is not allowed against item No.1,as is also spelt out in policy Circular No. 13 dated 31.1.2011.

****Note 2.** Tapioca Starch / Wheat Gluten is not allowed for import against item No. 2

2. Effect of the Public Notice

SION E-1A that was notified by Public Notice No.94 dated 01.02.2012 is being re-numbered as SION E-131. There is no change in the Import Items (either in description or in quantity permitted).

SION E-129A Renumbered as SION E-130

Subject:- Amendment of Standard Input Output Norms (SION) of Food Products (Product Code: 'E')in the Handbook of Procedures V.2 (2009-14) : Re-numbering of SION E - 129A as E - 130

106-PN(RE) 30.04.2012 (DGFT) Public Notice No. 92 issued on 1st February 2012 had notified SION E-129 & E-129A, for export products "Instant Fruit Juice Powder/Crystals (with Sugar) & Instant Fruit Juice Powder/Crystals(Sugar Free)" respectively. Due to system limitation, it has not been operational so far, which has necessitated re-numbering of this SION.

Customs Valuation Exchange Rates

May 2012		Imports	Exports	
Schedule I				
1	Australian Dollar	54.95	53.70	Rate of exchange of one unit of foreign currency equipment to Indian Rupees
2	Canadian Dollar	54.05	52.65	
3	Danish Kroner	9.50	9.20	
4	EURO	70.35	68.70	
5	Hong Kong Dollar	6.85	6.75	
6	Norwegian Kroner	9.35	9.05	
7	Pound Sterling	86.00	84.15	
8	Swedish Kroner	7.95	7.70	
9	Swiss Franc	58.50	57.10	
10	Singapore Dollar	42.70	41.80	
11	U.S. Dollar	53.10	52.25	
Schedule II				
1	Japanese Yen	65.50	63.85	Rate of exchange of 100 units of foreign currency equivalent to Indian rupees

(Source: Customs Notification 38(NT)/26.04.2012]

Commodity Spot Prices in India – 04 – 07 May 2012

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

(Rs.)

Commodity	Unit	Market	04-May	05-May	07-May
CER (Carbon Trading)	1 MT	Mumbai	NA	NA	NA
Chana	100 KGS	Delhi	4001	4089	4095
Masur	100 KGS	Indore	3519	3465	3475
Potato	100 KGS	Agra	1056.2	1056.8	1057
Potato TKR	100 KGS	Tarkeshwar	891.4	893.7	900.9
Arecanut	100 KGS	Mangalore	NA	NA	NA
Cashewkern	1 KGS	Quilon	NA	NA	NA
Cardamom	1 KGS	Vandanmedu	1039.7	1019.5	1040.1
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	3335	3335	3500
Guar Gum	100 KGS	Jodhpur	NA	NA	NA
Maize	100 KGS	Nzmbad	1129	1127	1128
Wheat	100 KGS	Delhi	1298.3	1296.5	1296.8
Mentha Oil	1 KGS	Chandausi	1662.2	1687.8	1643.3
Cotton Seed	100 KGS	Akola	NA	NA	NA
Castorsd RJK	100 KGS	Rajkot	3201.5	3200	3118
Guar Seed	100 KGS	Bikaner	29848	30022	30467
Soya Bean	100 KGS	Indore	3627.5	3611.5	3577
Mustrdsd JPR	20 KGS	Jaipur	785.1	783.3	782.55
Sesame Seed	100 KGS	Rajkot	6913	6869	6888
Coconut Oil Cake	100 KGS	Kochi	NA	NA	NA
RCBR Oil Cake	1 MT	Raipur	NA	NA	NA
Kapaskhali	50 KGS	Akola	1253.8	1256.8	1255.5
Coconut Oil	100 KGS	Kochi	6552	6552	6448
Refsoy Oil	10 KGS	Indore	759.4	756.6	749.1
CPO	10 KGS	Kandla	617.1	616.5	612.9
Mustard Oil	10 KGS	Jaipur	795.9	789.7	789.4
Gnutoilexp	10 KGS	Rajkot	1250	1226	1200
Castor Oil	10 KGS	Kandla	NA	NA	NA
Crude Oil	1 BBL	Mumbai	5459	5291	5291
Furnace Oil	1000 KGS	Mumbai	NA	NA	NA
Sourcrd Oil	1 BBL	Mumbai	NA	NA	NA
Brent Crude	1 BBL	Mumbai	6180	6080	6080
Gur	40 KGS	Muzngr	NA	NA	NA
Sugars	100 KGS	Kolhapur	2864	2840	2845
Sugarm	100 KGS	Delhi	3143	3133	3139
Natural Gas	1 mmBtu	Hazirabad	124.6	122.4	122.4
Rubber	100 KGS	Kochi	19574	19574	19438
Cotton	1 Bales	Rajkot	17060	17000	16990
Cotton Med	1 Maund	Sriganganagar	NA	NA	NA
Jute	100 KGS	Kolkata	2413	2421.5	2357
Gold	10 GRMS	Ahmd	29125	29281	29035
Gold Guinea	8 GRMS	Ahmd	23394	23519	23321
Silver	1 KGS	Ahmd	54951	55345	55529
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	438.5	440.7	440.7
Nickel	1 KGS	Mumbai	933	933	933
Aluminium	1 KGS	Mumbai	110	110	110
Lead	1 KGS	Mumbai	111.75	111.75	111.75
Zinc	1 KGS	Mumbai	107.2	107.2	107.2
Tin	1 KGS	Mumbai	1169.25	1169.25	1169.25

(Source: MCX Spot Prices)

Accordingly, in exercise of the powers conferred under Para 2.4 of the Foreign Trade Policy, 2009-14, the Director General of Foreign Trade hereby re-numbers SION E-129A as E-130 for the export product "Instant Fruit Juice Powder / Crystals (Sugar Free)" in the Handbook of procedure V.2 (2009-14). The quantity and description of import items is the same as permitted earlier and is reproduced as below:-

SNo.	Export Item	Qty.		Import Items	Qty.
E-130	Instant Fruit Juice Powder/Crystals (Sugar Free)	1 Kg	*1	(a) Saccharin Sodium OR (b) Aspertame OR (c) Acesulfame Potassium	04gms 10 gms 11gms
			**2	Relevant Food Additives i) Acidulant ii) Acidity Regulator iii)Emulsifiers/Stabilizing Agent iv) Anticaking Agent v) Preservative vi) Nutrients / Vitamins / Minerals	 80 gms 30 gms 30 gms 30 gms 03 gms 0.4 gm
			3	Relevant concentrates/Juice/Pulp/Puree	250 gms
			4	Relevant Natural & Nature identical Flavour/ Artificial Flavour/Oleoresin/ Essential Oil/ Spices/ Flavour Improver/ Flavour Fixing Agent	10 gms
			5	Permitted Food Colours	05 gms
			6	Packing Material	As per packing policy.

***Note 1.** Import of artificial sweetening agents viz.Lactose / Mannitol as substitute inputs is not allowed against item No. 1. as is also spelt out in Policy Circular No 13 dated 31.01.2011.

****Note 2.** Cumulative quantity of relevant food additives should be limited to 100gms/kg in addition to individual quantity limit.

3. Effect of the Public Notice

SION E-129A that was notified by Public Notice No.92 dated 01.02.2012 is being re-numbered as SION E-130. There is no change in the Import Items (either in description or in quantity permitted).

WORLD TRADE SCANNER

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sentations made by the jewellery industry that this would cause undue hardship, I propose to raise the threshold limit for TCS on cash purchases of jewellery to Rs.5 lakh from the present Rs.2 lakh. The threshold limit for TCS on cash purchase of bullion shall be retained at Rs.2 lakh. However, it is being clarified that bullion will not include any coin or other article weighing 10 gms or less.

Customs and Central Excise

A related proposal that has attracted public attention is the imposition of Central Excise duty on unbranded precious metal jewellery at the rate of 1%. Madam Speaker, I would like to reiterate that the levy was well-intentioned and introduced not so much for raising revenue as for rationalization and movement towards GST. However, the outpouring of sentiment both within and outside the House indicates that we are not ready for it. As such, the Government has decided to withdraw the levy on all precious metal jewellery, branded or unbranded, with effect from 17th March, 2012.

The House would recall that certain amendments were proposed in the Customs and Central Excise Law in respect of the classification of offences as cognizable and non-bailable. In response to concerns expressed by Members that the proposal regarding grant of bail only after hearing the public prosecutor is too harsh, I propose to omit this provision entirely. In addition, only serious offences under the customs law involving prohibited goods or duty evasion exceeding Rs.50 lakh, shall be cognizable. However, all these offences shall be bailable.

There are a few other proposals relating to rationalization and adjustment of central excise and custom duties which I will place before the House while replying to the debate.

Service Tax

As Hon'ble Members are aware, taxation of services has undergone a paradigm shift with the introduction of a Negative List. This initiative has been widely welcomed.

The negative list has been drawn keeping in view the federal nature of the polity. Some of the States, through the Empowered Committee of State Finance Ministers, have expressed their concerns. I have decided to address their concerns by making changes in the definition of "service" which will exclude the activities specified in the Constitution as "deemed sale of goods". The definition of "works contract" has also been enlarged to include movable properties.

Exemption for specified services relating to agriculture in the Negative List has also been extended to agricultural produce enlarging the scope of the entry.

There are some other minor changes in the definitions based on the widespread feedbacks and suggestions that we have received from various stakeholders and are specified in the revised draft.

Notifications to give effect to these changes would be issued in due course and laid on the table of the House.

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