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RNI No. 42906/84

# WORLD TRADE SCANNER

ISSN: 0971-8095

Single copy Rs. 20 \$2

**Vol. XXVI No 19 05-11 August 2009**

Promoted by Indian Institute of Foreign Trade, World Trade Centre,  
Academy of Business Studies

Annual subscription Rs 650

## PM Assures Protection to Kerala Agri Goods in Asean RTA Deal

The India-ASEAN Trade in Goods Agreement has completely protected the interests of farmers in Kerala by insisting on a large Negative List of tariff lines under which no tariff concession whatsoever would be provided to the ASEAN countries. This reassurance was given by the Prime Minister, Dr. Manmohan Singh and the Commerce Minister, Shri Anand Sharma to a delegation of political representatives from Kerala headed by Chief Minister, Shri V.S. Achuthanandan.

The India-ASEAN FTA negotiations were twice suspended primarily because of India's insistence on providing strong protection to its agriculture and labour intensive sectors.

The proposed Trade in Goods Agreement has a Negative List of 489 tariff lines of which 302 are of the agriculture sector. These include many of the items of interest to Kerala such as Cashew Nut Kernels, Natural Rubber, Marine Products such as Tunas, Shrimp, Prawn, etc. The list has been drawn up after a series of consultations with the stakeholders and government agencies.

As far as tariff concession on Palm Oil is concerned, India has agreed to reduce tariff on Crude Palm Oil (CPO), Refined Palm Oil (RPO) to 37.5% and 42.5% respectively by December 31, 2018. Incidentally, the current tariff on CPO and RPO are 0% and 7.5% respectively. Thus, it would be seen that India has negotiated a very high level of protection for our domestic edible oil producers by proposing a high level of tariff even at the end date of December 31, 2018.

The Commerce Minister said that as far as the plantation economy is concerned, there are some structural deficiencies and these are being separately addressed.

Regarding Rubber plantations, an assistance of Rs.32.33 crore under the Rubber Plantation Development

Scheme with a target of 30000 hectare is in operation under the 11th Plan and the replanting subsidy has recently been enhanced from Rs.19500 to Rs.29250 per hectare. Further enhancement is also being examined.

A proposal for rejuvenation, replanting, value addition, marketing etc. of pepper is under the active consideration of the Government. This scheme would enable India to compete with any future imports of pepper.

Prime Minister told the delegation that a Group of Ministers with representation from Ministers from Kerala is being set up to ensure that the interests of Kerala are fully protected in the ASEAN -FT A Agreement and the Group would also consult with the Chief Minister of Kerala on matters relating to interests of Kerala. Prime Minister also mentioned that Kerala has always benefited from its outward orientation and when it sought global opportunities.

### Sridhar is New CBEC Chairman

Mr. V. Sridhar, IRS (Customs & Central Excise) 1973 batch has been appointed as Chairman, Central Board of Excise and Customs in the Department of Revenue, Ministry of Finance. An office order to this effect was issued, on 31 July 2009.

Mr. Sridhar who is presently Member, CBEC has taken over from the afternoon on 31 July . He succeeds Mr P.C. Jha, IRS (C&CE) who superannuated from his present charge of Chairman, CBEC.

[Source: PIB Press Release dated 31 July 2009]

### Dollar-Rupee rate at NSE Futures

#### Sharp Fall in Dollar Rupee Rate

Trade Date	Open Price	High Price	Low Price	Close Price	Daily Settlement Price	Open Interest	No. of Contracts	Value (Rs. lakhs)	RBI Reference rate
03-Aug-09	48.0000	48.0250	47.7200	47.7450	47.7450	308715	953613	456725.9	47.8700
31-Jul-09	48.3000	48.3600	48.0300	48.0775	48.0775	278057	744141	358934.8	48.1600
30-Jul-09	48.5875	48.7175	48.4250	48.4450	48.4450	289843	670068	325297.5	48.4900
29-Jul-09	48.3600	48.6050	48.3600	48.5150	48.5150	302501	698590	338787.9	48.4700

[Source: NSE and RBI Website]

## Dollar Exports Down by 27.7% in June

Exports during June, 2009 were valued at US \$ 12815 million (Rs. 61217 crore) which was 27.7 per cent lower in dollar terms (minus 19.4 per cent in Rupee terms) than the level of US\$ 17732 million (Rs. 75930 crore) during June, 2008. Cumulative value of exports for the period April- June, 2009 was US\$ 35432 million (Rs. 172762 crore) as against US \$ 51545 million (Rs. 214808 crore) registering a negative growth of 31.3 per cent in Dollar terms and 19.6 per cent in Rupee terms over the same period last year.

Imports during June, 2009 were valued at US \$ 18977 million (Rs. 90657 crore) representing a decrease of 29.3 per cent in dollar terms (21.2 per cent in Rupee terms) over the level of imports valued at US \$ 26855 million (Rs. 114995 crore) in June, 2008. Cumulative value of imports for the period April- June 2009 was US\$ 50936 million (Rs. 248171 crore) as against US\$ 80187 million (Rs. 334191 crore) registering a negative growth of 36.5 per cent in Dollar terms and 25.7 per cent in Rupee terms over the same period last year.

Oil imports during June, 2009 were valued at US \$ 4999 million which was 50.6 per cent lower than oil imports valued at US \$ 10119 million in the corresponding period last year. Oil imports during April- June, 2009 were valued at US\$ 12767 million which was 56.8 per cent lower than the oil imports of US \$ 29542 million in the corresponding period last year.

Non-oil imports during June, 2009 were estimated at US \$ 13978 million which was 16.5 per cent lower than non-oil imports of US \$ 16736 million in June, 2008. Non-oil imports during April- June, 2009 were valued at US\$ 38169 million which was 24.6 per cent lower than the level of such imports valued at US\$ 50645 million in April- June, 2008.

The trade deficit for April- June, 2009 was estimated at US \$ 15504 million which was lower than the deficit of US \$ 28642 million during April-June, 2008.

### Exports & Imports: (US \$ Million)

	(Provisional)	
	June	April-June
<b>Exports (including re-exports)</b>		
2008-2009	17732	51545
2009-2010	12815	35432
%Growth 2009-2010/ 2008-2009	-27.7	-31.3
<b>Imports</b>		
2008-2009	26855	80187
2009-2010	18977	50936
%Growth 2009-2010/ 2008-2009	-29.3	-36.5
<b>Trade Balance</b>		
2008-2009	-9123	-28642
2009-2010	-6163	-15504

*Figures for 2008-09 are the latest revised whereas figures for 2009-10 are provisional*

## Three New Members of CBEC

Mr. P.N. Vittal Das, Mr. Sumit Dutt Majumdar and Mr. Y.G. Parande have joined as Members, Central Board of Excise and Customs. Mr. P.N. Vittal Das belongs to the 1974 batch of IRS (C&CE) and was Chief Commissioner of Central Excise, Vishakapatnam zone. Mr. Sumit Dutt Majumdar belongs to the 1974 batch and was the Director General, DGR, prior to his elevation. Mr. Y.G. Parande is an IRS (C&CE) officer of 1975 batch, and was the Director General, Directorate General of Systems and Data Management, prior to joining the Board.

*[Source: PIB Press Release dated 03 August 2009]*

## Trade Volumes Continue to Drop, Japan Worst Hit

International trade flows continued to drop in the first quarter of 2009, according to a new study by the Organisation for Economic Co-Operation and Development (OECD), but the decline is less drastic than the drop in trade registered in the fourth quarter of 2008.

"Compared with the previous quarter, the value of exports and imports of goods and services in OECD countries... continued to drop significantly, albeit less dramatically," the report stated. First quarter exports from OECD countries dropped by 13.4 percent, whereas imports fell by 15.2 percent during the same period. The OECD counts 30 high-income countries as members, most of which are in North America and Europe.

Within the Group of 7 major world economies – Canada, France, Germany, Italy, Japan, the UK, and the US – the drop in exports was similar to that of the OECD group as a whole, at 13.6 percent. However, the G7 countries did not experience such a drastic decrease in imports, which fell only 10.5 percent. But this fact should not understate the group's sharp decline in trade in the midst of the global economic crisis. Year-on-year exports from the G7 fell by 22.8 percent and imports by 16.8 percent. Given the similar patterns of decreasing trade flows across member countries, the OECD described the current economic climate as a 'synchronized trade collapse'.

Japan has been hit particularly hard by the current economic downturn. The country has suffered a 26.7 percent drop in quarter-to-quarter exports, with imports down 12.9 percent. Compared to the first quarter of 2008, Japanese exports have plummeted 42.1 percent, while imports have sunk 18.1 percent. Japan's top exports include motor vehicles, electronic equipment, and machine tools.

## India's Maharashtra Lowers Sugar Production Forecast

Sugar production in Maharashtra, India's biggest producer, may be lower than forecast earlier because of deficient monsoon rains, likely worsening a global deficit for a second year.

Output may be 4.6-to-4.8 million metric tonnes in the year starting Oct. 1, compared with 5 million tonnes forecast on June 29, said Ajit Chowgule, secretary of the Maharashtra State Cooperative Sugar Factories Federation Ltd. The state may crush 41 million tonnes of cane, down 9 percent from a year ago, he said.

Raw-sugar jumped to a three-year high in New York on 3 August and white sugar traded in London reached the highest since 1989 as falling production in India, the world's largest user, helped to widen a global deficit. Indian sugar makers' shares have more than doubled this year, beating the broader market, as rallying prices helped lift earnings.

Inadequate showers in July last year reduced cane yields, cutting output in half and turning India into a net importer for the first time since 2006. Maharashtra's output this year ending Sept. 30 is estimated at 4.6 million tons, down from 9.1 million tonnes a year earlier.

Rainfall was 18 percent below normal in the week ended July 29, the weather office said last week. The June-September rains may be on the lower end of a forecast of 93 percent of the long-period mean of 89 centimeters (35 inches), with a margin of error of 4 percent, Ajit Tyagi, the director general of India Meteorological Department, said in an interview on 3 August.

Sucden July 28 forecast India's sugar output to reach 16.8 million tonnes from about 14.6 million this year. Production in Maharashtra was estimated at 5.6 million tonnes and Uttar Pradesh at 4.3 million tons, Wadhwa said.

Uttar Pradesh, the nation's second-biggest sugar producer, has declared drought in 47 districts.

Raw sugar imports in the year starting Oct. 1 may reach at least 4 million tons, double that of this year, as output may be little changed at 15 million to 16 million tons, Kushagra Nayan Bajaj, joint managing director of Bajaj Hindusthan Ltd., India's biggest mill, said in an interview last week. That compares with 5 million tonnes forecast by Sucden.

Prices at Vashi, India's biggest wholesale market for the commodity, added 4.6 percent to a record 2,571 rupees per 100 kilograms on 3 August. Prices are up 48 percent in the past year.

Shree Renuka Sugars Ltd., India's biggest refiner, July 22 reported third-quarter profit more than doubled to 781 million rupees. The company's stock rose 2.2 percent to 184.85 rupees, the highest since Oct. 28, 2005. Bajaj Hindusthan returned to profit in the June quarter after receiving 58 percent more on average for every kilogram sold in the period.

Balrampur Chini Mills Ltd., India's second-biggest mill by capacity, last month said third-quarter profit more than tripled from a year earlier. Its shares doubled in the June quarter, a record.

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## Lamy Reports Little Progress in IP Talks

WTO Members remain deeply divided on critical intellectual property issues in the Doha Round negotiations, WTO Director-General Pascal Lamy said on Monday at an informal consultation open to the entire Membership. Despite Lamy's active involvement in the negotiations since March, Members remain at loggerheads over substantive matters, as well as over whether the current round of trade talks even has a mandate to address some of the intellectual property issues as part of the "single undertaking" of the Doha Round trade talks.

Two issues in particular have snarled discussions in the WTO's Council of Trade-Related Aspects of Intellectual Property Rights (TRIPS): whether to extend to all products the strong level of protection that is currently accorded to geographical indications, known as GIs, of wines and spirits; and whether the WTO's TRIPS Agreement should be amended to require patent applicants to disclose the origin of any genetic resources or traditional knowledge involved in their inventions, to show that they have received permission to use the materials and knowledge, and to demonstrate that they are sharing the benefits with the original owners.

Since March, Lamy has held four informal consultations with a select group of 17 WTO members - Argentina, Australia, Brazil, Canada, Chile, India, Egypt (for the African Group), the EU, Japan, New Zealand, Norway, Peru, Switzerland, Tanzania (for the least-developed countries or LDC group), and the United States - that represent the major sides in the debate. Relaying the results of those meetings to the entire membership on Monday, the director-general provided an 'unofficial snapshot' of the state of play in the TRIPS negotiations.

On the issue of geographical indications extension, Lamy reported that Members could not agree on whether the extension of the protections beyond wines and spirits is even necessary, let alone what form it should take. 'Geographical indications' identify the country or region where the quality, reputation or other characteristic of a product is essentially attributable to that region. Strong protection of GIs already exists for wines and spirits - such as Cham-

pagne, Bordeaux and Cognac - and the 'draft modalities' proposed by supporters of GI extension call for this protection to be extended to other products, like Basmati rice or Parma ham. But such a move is opposed by countries like Australia and the US, who have argued that many GIs have become generic or semi-generic product names widely used around the world.

On the 'disclosure' issue, Lamy reported that members agree that they must address the misappropriation of genetic material and traditional knowledge. However, they have failed to find consensus on whether that goal would best be reached through an amendment to the TRIPS Agreement requiring patent applicants to disclose the origin of any genetic resources or traditional knowledge involved in their inventions or through other approaches, such as contractual agreements and databases.

Despite the lack of progress in the talks, Lamy remains cautiously optimistic. "While the consultation process has not bridged the gaps that have long defined debate on these issues, I believe the gaps are better defined. Their contours are better illuminated," and "we must focus on what Members believe is practically achievable" Lamy told the WTO's General Council on Tuesday.

The issues, which have been hotly debated since the launch of the WTO's Doha Round of trade talks in 2001, have largely split the WTO Membership into two sides. In July of last year, a coalition of more than 100 developed and developing nations - including the EU, Brazil, India, many African countries, and Switzerland - put forward a set of 'draft modalities' that call for the Doha talks to include the extension of GI protection afforded to wines and spirits to all products, as well as an amendment to the TRIPS Agreement to address the 'disclosure' issue and make the accord compatible with the Convention on Biological Diversity. But that group has been strongly countered by another coalition - whose members include Argentina, Australia, Canada, New Zealand and the United States - that has opposed these 'modalities' on substantive and procedural grounds.

## WTO Farm Deal Would Open China's Markets Significantly, Study Finds

A global trade deal at the WTO would lead to significant cuts in China's already-low agricultural tariffs, new research shows.

As governments renew efforts to clinch a deal in the ongoing Doha Round of trade talks, the study shows that the draft accord would cut China's maximum permitted 'bound' farm tariffs by around one sixth - despite current rates already being one quarter of the average world tariff level. Because China's actual applied tariff levels are close to these bound levels, most cuts would translate directly into new market access for exporters.

The study shows that tariff rates would be

brought down to 13 percent from an initial average of 15 percent, after accounting for gentler tariff cuts for products deemed to be 'sensitive' and for those considered important for food security and livelihoods. With 900 million people working in agriculture, and a growing income gap between cities and the countryside, China has emphasised the need to shield key products from cuts.

China will also benefit from clauses permitting countries that have recently joined the WTO to cut tariffs by less - a key Chinese demand after gruelling accession negotiations slashed tariffs on 95 percent of the country's products to below 30 percent.

As urban incomes in China are over three times higher on average than those in rural areas, the government has recently shifted from taxing agriculture to supporting it. The new draft text could constrain planned spending on cotton, and, if prices are high, on wheat. However, many other payments are likely to be exempt from cuts on the basis that they cause no more than minimal trade distortion.

The draft text could also reduce barriers to China's exports - primarily to developed countries, where average tariffs facing Chinese exports would be cut by about one third, from 16 percent to 11 percent. Continued EU and Japanese protection for rice - one of China's main exports - would probably mean little market access expansion for this product, although tariffs on other key exports such as vegetables could be cut by around one third.

The US has insisted that large developing countries such as China offer more market access for their exports before a draft WTO accord can be signed. Developing countries have argued that this would affect their food security and the livelihoods of small farmers, especially while developed countries maintain extensive trade-distorting subsidies for their domestic producers.

## US, France Face Criticism on Border Tariff Proposals

The US and Europe are struggling to flesh out their respective climate change strategies ahead of an international climate summit in Copenhagen at the end of the year. Carbon tariffs - duties that countries would place on imports from nations that do not sign on to a global climate deal - have emerged as a particularly contentious point in debates on both sides of the Atlantic.

In a letter to the Senate leadership last week, US business groups warned that such border tariffs, which were included in a climate bill passed by the House of Representatives last month, could alienate US trading partners and ultimately trigger a 'green trade war'. The Emergency Committee for American Trade, the National Foreign Trade Council, the United States Chamber of Commerce, and the United States Council for International Business penned the letter, which comes as the Senate prepares to vote on its own bill to regulate US GHG emissions.

The 'border measures' written into the House bill would allow the president to place duties on manufactured goods from countries that fail to regulate GHGs by 2020. Some US lawmakers say that the tariffs are necessary to protect domestic industry, which will likely take a hit from the new emissions regulations. But countries like China and India say the proposed duties are nothing more than a thinly disguised form of protectionism.

Europe is also sensitive to accusations of trade protectionism in the context of climate change. EU environment ministers meeting in Stockholm, Sweden this week attacked a French proposal for the EU to adopt similar carbon tariffs.

But France believes the border tariff provisions could help level the playing field for European companies that compete with goods manufactured in countries without carbon restrictions, according to a statement from French President Nicolas Sarkozy's office last month. Paris proposed the idea as mechanism to control GHG emissions if parties fail to reach an agreement in

Copenhagen. The ministers are trying to develop a common strategy on global warming ahead of the summit in Copenhagen in December.

The US and EU expect to butt heads with emerging economies like China and India, who have strongly indicated that they will not accept hard limits on GHG emissions.

## US Wins in Media Dispute with China

The US has mostly prevailed against China in a WTO Dispute Settlement Body (DSB) case regarding Chinese import restrictions on US entertainment, such as CDs, DVDs, books, and computer software, the Associated Press reported.

The confidential verdict was issued to Washington and Beijing last month and will be made available to the public on 12 August. The ruling finds that Beijing violated international trade rules by requiring US entertainment products to be sold or distributed through Chinese state-owned enterprises, according to the AP.

The case involved two types of legal issues. On the subject of trading rights, the US charged that China unlawfully restricted imports of US goods - films for theatrical release, audiovisual home entertainment products (DVDs and VHS movies), sound recordings, and publications - by requiring that the products be sold through Chinese companies. Washington claimed these practices violated provisions of Part I of the Protocol of Accession and Article XI of the General Agreement on Tariffs and Trade.

On the subject of distribution services, Washington claimed that Beijing discriminated against US films by mandating their producers use Chinese distributors, a condition not required for Chinese movies. The US alleged that this practice violated Articles XVI and XVII of the General Agreement on Trade in Services.

But the case was not a complete victory for the US, the AP reported, as the judicial panel ruled partly in favour of Beijing on censorship rules that apply to US - but not Chinese - products.

## Brazil to Sue UK over Waste Shipment

Brasilia has threatened to launch a formal WTO complaint against the United Kingdom after discovering that 1,400 tonnes of waste that were mislabelled as recyclable plastic had been imported into Brazil from the UK.

The WTO complaint will be based on the Basel Convention, an international treaty that has governed the cross-border movement of toxic waste since 1992, Brasilia said in a statement.

The waste, which arrived in 99 shipping containers at three Brazilian ports between February and May of this year, consisted of an assortment of household and clinical materials, including syringes, condoms, batteries, food scraps, cleaning products and used baby diapers, Brazilian media reported.

The source of the waste is still under investigation in the UK, but three men have been arrested in the area of Swindon, England, roughly 130 kilometres west of London, in conjunction with the case.

## WTO Delegates Decry 'Gap' between Talk and Action on Eve of Summer Break

WTO Director-General Pascal Lamy set out an ambitious autumn schedule for technical work in the Doha Round trade talks in two addresses to delegates just before the organisation breaks for its annual August holiday. But many officials were quick to point out the 'mismatch' between strong ambitions for the talks at the political level and a lack of progress in the negotiations in Geneva.

Several political statements on the Doha Round have emerged recently, including from the G8+G5 summit that was held in L'Aquila, Italy, from a meeting of Asia-Pacific trade ministers in Singapore, and from a meeting of minister from the Cairns group of in Bali last month. All of those statements called for a prompt conclusion of the Doha Round of trade talks, which are now in their eighth year; the G8+G5 statement set the end of next year as a deadline for the conclusion of a global trade deal.

So far, though, many delegates say that the high-level proclamations have failed to produce any true progress in the negotiations back at the WTO's headquarters in Geneva. Speaking to a meeting of the WTO's Trade Negotiations Committee (TNC) on Friday, Australian ambassador Peter Grey lamented what he called a "marked and embarrassing gap" between recent high-level statements and the actual progress that has been made in the talks.

Several other delegations echoed that sentiment. Mauritius, addressing the TNC on behalf of the African, Caribbean and Pacific (ACP) group of countries, warned that the 'mismatch' between political statements and technical progress in the talks risked creating a credibility deficit for the WTO. In a similar vein, India's ambassador to the WTO, Ujal Singh Bhatia, decried what he called a "continuous deferment of real engagement" in the negotiations, according to a report in India's Business Standard. Speaking to a meeting of the WTO's General Council on Tuesday, the ambassador said the lack of progress undermined the goal of con-

cluding the Round by the end of next year. Costa Rica, backed by several other delegations, said the 2010 deadline for a Doha deal was not realistic given the current state of the talks.

But the representative of the Brazilian delegation took a somewhat sunnier view. While acknowledging that delegates "have not achieved any significant forward movement" in the talks, the official cautioned against excessive pessimism. "This is not an easy process and it may take some time; but not so much time that would force us to miss the 2010 deadline drawn by many of our leaders," the official said. Other delegations backed Brasilia's appeal, calling the 2010 date 'an urgent target'.

Lamy's statement to the TNC included a snapshot of the state of play in all of the main negotiating areas in the Doha Round talks, including industrial goods, agriculture, services, rules, trade facilitation, environmental goods, and intellectual property. He outlined persistent areas of disagreement, highlighted issues on which solid progress had already been made, and called on delegates to return from their summer holidays ready to work intensively to close the remaining gaps in the talks.

The negotiations on agriculture and non-agricultural market access (NAMA in WTO parlance), are important, Lamy said, but other negotiating committees will need to achieve a "commensurate level of certainty" if the Doha Round 'single undertaking' - the notion that nothing is agreed until everything is agreed - is to be achieved. "We have to ensure that the whole caravan moves forward together and arrives on time," Lamy said.

As WTO headquarters begin to empty out for the organisation's summer break, delegates are looking ahead to a meeting of trade ministers that is set to be held in New Delhi from 3-4 September. That gathering, which will have the Doha Round as its focus, is intended to provide direction for the G20 summit of heads of state that the United States is hosting in Pittsburgh later that month.

## European Commission Comments on China's Request for WTO Consultations

Following the request by China for WTO consultations on EU anti-dumping measures on imports of certain iron or steel fasteners originating in the People's Republic of China, the EU Spokesperson for Trade, Lutz Güllner, made the following statement:

"We have taken note of China's request to seek consultations with the EU at the World

Trade Organisation in relation to the anti-dumping measures imposed by the EU in January 2009 against certain carbon steel fasteners originating in China.

As a member of the World Trade Organisation, China has of course the right to bring its concerns to the WTO dispute settlement mechanism. We will now carefully study

**10 Lakh MTs of Refined Sugar Import at Zero Duty Allowed to All Persons for 4 Months Subject to APEDA Registration, Canalisation through STC etc Removed**

**Raw Sugar at Zero Duty Allowed to All Persons Subject to AU Condition**

Ntfn 84 In exercise of the powers  
31.07.2009 conferred by sub-section (1) of  
(DoR) 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. 21/2002-Customs, dated the 1<sup>st</sup> March, 2002, which was published in the Gazette of India, Extraordinary, Part II, Section 3, Sub-section (i) vide number

G.S.R. 118(E) of the same date, namely :-  
In the said notification, -  
1. in the preamble, in the **proviso**, for clause **(ga)**, the following clause shall be **substituted**, namely:-  
“(ga) the goods specified against S. No. **38B** on or after the “the 1<sup>st</sup> day of April 2010”;  
2. In the Table,-  
i. after S. No. **38B** and the entries relating thereto, the following shall be **inserted**, namely:-

SNo.	Chapter or Heading No. or sub-heading No.	Description of goods	Standard rate	Additional duty rate	Condition No.
(1)	(2)	(3)	(4)	(5)	(6)
"38BB.	1701 91 00 or 1701 99 90	Refined or white sugar, upto an aggregate quantity of ten lakh metric tonnes of total imports during the period upto and inclusive of 30 <sup>th</sup> November 2009: <i>Explanation.-</i> For determining the aggregate quantity of ten lakh metric tonnes the quantity of Refined or white sugar already imported at nil rate of basic customs duty under this notification during the period from 17 <sup>th</sup> April, 2009 upto 30 <sup>th</sup> July, 2009 shall be included.	Nil	-	5B”;

(ii) S. No. **38C** and the entries relating thereto shall be **omitted**;

3. In the **Annexure**,-

i. for condition No. 5A and the entries relating thereto the following entries shall be **substituted**, namely :-

Condition Conditions  
No.

"5A. (a) If imported by a sugar factory or a sugar refinery.  
*Explanation.-* For the purpose of this notification -  
(i) “sugar factory” shall have the same meaning as assigned to it in Section 2(c) of the Sugarcane (Control) Order, 1966;  
(ii) “sugar refinery” means a unit which is engaged in the manufacture of refined sugar starting from the stage of raw sugar”.  
(b) If imported by any person other than at (a) above:  
i. the importer shall produce to the Deputy Commissioner of Customs or the Assistant Commissioner of Customs, as the case may be, a valid contract or agreement with a sugar factory or sugar refinery for refining of such raw sugar and shall furnish a bond to the effect that the said raw sugar shall be used for the said purpose;  
ii. The bond shall be discharged by the Deputy Commissioner of Customs or the Assistant Commissioner of Customs, as the case may be, on production of a certificate from the Central Excise authorities having jurisdiction over such sugar factory within a period of three months from the date of import of such raw sugar that the entire quantity of imported raw sugar has been refined and  
iii. in the event of his failure to comply with the above conditions, the importer shall be liable to pay, in respect of such quantity of the raw sugar as is not proven to have been refined, an amount equal to the difference between the duty leviable on such quantity but for the exemption contained herein.”;

(ii) for condition No. **5B** and the entries relating thereto, the following shall be **substituted**, namely:-

“5B If the importer produces before the Deputy Commissioner of Customs or the Assistant Commissioner of Customs, as the case may be, a proof to show that the contract for import of such sugar is duly registered with Agricultural & Processed Food Products Export Development Authority (APEDA)”.

F. No. 354/78/2009-TRU Pt I

**Verification of Debit Details of DEPB Licences**

The following Public Notice was issued by the Commissioner of Customs (Import) Nhava Sheva on 10 July 2009.

Sub: Verification of debit details of DEPB licences by respective Group Appraisers assessing Bs/E.

**F.No.EDI-34/2009 JNCH**

42-PN The work pertaining to the  
10.07.2009 verification of the debit details of the DEPB licences and endorsement of the relevant details including the balance of the duty credit was hitherto centralized at JNCH.  
2. It is pertinent to mention that in respect of all imports under DEPB scheme, including those which are RMS facilitated, such endorsements of the debits of the duty leviable on the goods is mandatory in order to fulfill the condition no.(iii) of the Notification No.89/2005-Customs dtd.04.10.2005.  
3. It has been noticed that such centralization has been causing inconvenience to the trade. Therefore, as a trade facilitation measure, it has been decided to entrust such task of verification of debit details and making suitable endorsements on the DEPB licences to the concerned group Appraisers who are attending to the assessment of imports under DEPB scheme.  
4. With regard to RMS facilitated Bs/E also, the importer/CHA are required to approach the concerned group Appraiser for compliance to the said condition in the Notification No.89/2005-Cus dtd.04.10.2005.  
5. The above mentioned facility may be brought to the notice of all the concerned.

**Online Transmission of Licenses under Duty Exemption Scheme and EPCG**

The following Public Notice was issued by the Commissioner of Customs (Export) Nhava Sheva on 15 July 2009.

Sub: Online Transmission of Licence/ Authorizations issued under Duty Exemption Scheme (DES) and Export Promotion Capital Goods Scheme (EPCG)- Corrigendum to the Public Notice no. 18/ 2009 dated 13.04.2009.

**F.No.EDI-19/2009 JNCH**

43-PN Attention of the Importers,  
15.07.2009 Exporters, CHA and the trade is invited to the Public Notice No. 18/2009 dt. 13.04.2009 wherein revised procedure relating to online transmission of Licenses/Authorizations issued under Duty Exemption Scheme (DES) and Export Promotion Capital Goods Scheme (EPCG) was specified and has been implemented from 15.04.2009, at this port.  
2. Paragraph 8 of the above Public Notice regarding implementation of revised procedure may be substituted with the following paragraph:

"8. The above procedure would be applicable in respect of File nos./Licenses /Authorizations issued under Duty Exemption Schemes (DES) and Export Promotion Capital Goods Scheme (EPCG) on or after 1<sup>st</sup> March 2009 by DGFT:-

a) for exports in respect of all licenses for all EDI and non EDI ports of registration including this port; and

b) for Imports in respect of those licenses with port of registration as this port,

8 (i) The License/File Numbers issued by DGFT on or after 1<sup>st</sup> March 2009 in respect of the above mentioned Schemes will get registered automatically in the ICES at this Customs House from the date of implementation of the revised procedure i.e. 15.04.2009.

8 (ii) The exporters, who intend to use the license for export purpose are advised to use the

License Number/File Number as the case may be, instead of Registration Number obtained at the time of manual registration of License Number / File Number registered between 1<sup>st</sup> March 2009 to the date of implementing the revised procedure i.e. 15.04.2009.

8 (iii) For import purpose, the importers are advised to quote only the License Number instead of manually obtained Registration Number from the date of implementing the revised procedure i.e. 15.04.2009

8 (iv) The procedure as prescribed in above referred Public Notice(s)/Office Order(s) No. 18/ 2009 dt. 13.04.2009, including that of manual registration of file nos./Licenses /Authorizations, would continue to be followed in case of file nos./ licenses, issued under these schemes were on or upto 28<sup>th</sup> February 2009 ".

3. Contents of this public notice may be brought to the notice of all the concerned.

## FIEO Western Region Office Shifted to Andheri from World Trade Centre

190-PN(RE) In exercise of powers 21.07.2009 conferred under Paragraph (DGFT) 2.4 of the Foreign Trade Policy 2004-2009, the

Director General of Foreign Trade hereby makes the following amendments in Appendix 2 (List of Export Promotion Councils/ Commodity Board) of the Handbook of Procedures (Vol.I):

2. Column 4 of S. No. 12 of Appendix 2 has been amended as follows:

New address of FIEO (Western Region)  
Vinmar House, 2<sup>nd</sup> floor,  
A-41, Road No. 2,  
MIDC, Marol Industrial Area,  
Opp. Best Bus Depot,  
Andheri (East),  
Mumbai 400093.

Tel. No. +91 22 40572222

Fax No. +91 22 40020407

Email: fieowr@vsnl.com; fieowr@fio.org.

3. This issues in Public interest.

## Jamnagar Chamber of Commerce & Industry, Jamnagar – Name Amended

189-PN(RE) In exercise of power conferred 21.07.2009 under paragraph 2.4 of the (DGFT) Foreign Trade Policy 2004-09, the Director General of Foreign Trade hereby makes the following amendments in Appendix 4-C (List of agencies authorized to

issue Certificate of Origin-Non-Preferential), of HBP (Vol.I).

2. The name of the following agency at S. No. 4 under the State of Gujarat in Appendix 4 C of HBP (Vol-I) is hereby changed:-

SNo.	Sr. No. in the Appendix 4 C	Name of the State	Old name and address of the Agency	New name and address of the Agency
1	4	Gujarat	Nawanagar Chamber of Commerce & Industry, Shree Digvijaysinhji Chamber Building, Grain Market, Jamnagar-361001. Tel: 0288-550250, 679666 Fax: 0288-554823	Jamnagar Chamber of Commerce & Industry, Shri Digvijaysinhji Chamber Building, Grain Market, Jamnagar-361001. Tel: 0288-2550250, 2550257 Fax: 0288-2554823 E-mail : nccijmr@bsnl.in, jccichamber@rediffmail.com, http://www.nccijamnagar.org/

This issues in Public Interest.

## New Format for Submission of Declaration by Merchant Exporters who Purchase Goods from Traders for Export

The following Public Notice was issued by the Commissioner of Customs (Exports) Air Cargo, Mumbai on 22 July 2009.

Subject: Grant of All Industry Rate of Duty Drawback to merchant exporters.

F.NO.S/6-MISC-157/2009 (X) Shed ACC

19-PN Attention of the Exporters, 22.07.2009 Custom House Agents and Trade is invited to the CBEC

Circular No. 16/2009- Customs dated 25.05.2009 on the above subject. Earlier, the Board had clarified that in the case of merchant exporter who procure export goods from the open market, the benefit of All Industry Rates of Duty Drawback shall be restricted to the Customs allocation only, if any; and that export goods purchased from the market shall be treated as having availed the Modvat facility and they would not be entitled to the Central Excise allocation of All Industry Rate of Drawback. The Board had

the opportunity to re-examine this issue while dealing with recommendations of the Committee constituted by Government to formulate All Industry Rate of Duty Drawback for the year 2008-09.

2. Board considered that the goods available in the market being deemed to be duty paid, even if it is assumed that such goods had availed Cenvat credit, then such Cenvat credit would have been used to pay the duty on final products when cleared for home market. Thus, the Cenvat credit availed has been 'given back' to the Government when such goods were cleared for the

local market. Therefore, the only possibility of double benefit can arise when the exporter is able to take the drawback of the central excise portion and also the rebate of terminal excise duty paid on goods at the time of their clearance to the local market.

3. Accordingly, the Board has conveyed that merchant exporters who purchase goods from the local market for export shall henceforth be entitled to full rate of duty drawback (including the excise portion). However, such merchant exporters shall have to furnish prescribed details, at the time of export, and declaration to rule out the said possibility of double benefit, in the following format -

"Declaration to be submitted by merchant exporters who purchase goods from traders for export

1. Shipping bill no. and date
2. Description of goods
3. Export Invoice no. and date
4. Name and complete address of the trader from who export goods have been purchased.

### Declaration

I, \_\_\_\_\_, hereby declare that I am not the manufacturer of the export goods and am not registered with central excise. I have purchased these goods from a trader who is also not registered with the central excise. I declare that no rebate (input rebate or/and final product rebate) shall be taken against the export (s) made against this shipping bill.

Merchant exporter's signature and seal"

4. It may be noted that where verification reveals that the said declaration was false or double benefit was taken, drawback recovery action would be taken.

## Provisional Anti-dumping Duty Imposed on Carbon Black from Australia, China, Russia and Thailand

Ntfn 83  
30.07.2009  
(DoR)

Whereas, in the matter of import of Carbon Black used in rubber applications (hereinafter referred to as the subject good), falling under tariff item 2803 00 10 of the First Schedule to the Customs Tariff Act, 1975 (51 of 1975), originating in, or exported from, Australia, China PR, Russia and Thailand, (hereinafter referred to as the subject countries) and imported into India, the designated authority vide its preliminary findings vide notification No. 14/21/2008-DGAD, dated the 25<sup>th</sup> May, 2009, published in the Gazette of India, Extraordinary, Part I, Section 1, dated the 25<sup>th</sup> May, 2009, had come to the conclusion that-

(a) the subject goods have been exported to India from the subject countries below their

normal value;

(b) the domestic industry has suffered material injury; and

(c) the injury has been caused by the dumped imports from subject countries;

and has recommended imposition of provisional anti-dumping duty on the imports of subject goods, originating in or exported from, the subject countries.

Now, therefore, in exercise of the powers conferred by sub-section (2) of section 9A of the said Customs Tariff Act, read with rules 13 and 20 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 findings of the designated authority, hereby imposes on the goods, the description of which is specified in column (3) of the Table below, falling under tariff item of the First Schedule to the said Customs Tariff Act as specified in the corresponding entry in column (2), originating in the countries as specified in the corresponding entry in column (4), and exported from the countries as specified in the corresponding entry in column (5), and produced by the producer as specified in the corresponding entry in column (6), and exported by the exporter as specified in the corresponding entry in column (7), and imported into India, an anti-dumping duty equal to the amount mentioned in the corresponding entry in column (8), in the currency as specified in the corresponding entry in column (10) and as per unit of measurement as specified in the corresponding entry in column (9) of the said Table.

**Table**

SNo.	Tariff item	Description of goods	Country of origin	Country of Exports	Producer	Exporter	Duty Amount	Unit	Currency
(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)	(9)	(10)
1	2803 00 10	Carbon Black used in rubber applications	Australia	Australia	M/s Continental Carbon Australia Pty Ltd.	M/s Continental Carbon Australia Pty Ltd.	0.131	Per Kg	US Dollar
2.	2803 00 10	-do-	Australia	Australia	Any combination other than at S. No. 1		0.155	Per Kg	US Dollar
3.	2803 00 10	-do-	Australia	Any country other than Australia	Any	Any	0.155	Per Kg	US Dollar
4	2803 00 10	-do-	Any country other than countries attracting Anti-dumping duty	Australia	Any	Any	0.155	Per Kg	US Dollar
5	2803 00 10	-do-	China PR	China PR	M/s Ningbo Detai Chemical Co. Ltd	M/s Ningbo Detai Chemical Co. Ltd	0.133	Per Kg	US Dollar
6	2803 00 10	-do-	China PR	China PR	M/s Hebei Daguangming Juwuba Carbon Black Co., Ltd.	M/s Hebei Daguangming Juwuba Carbon Black Co., Ltd.	0.078	Per Kg	US Dollar
7	2803 00 10	-do-	China PR	China PR	M/s Longxing Chemical Stock Co., Ltd.	M/s Longxing Chemical Stock Co., Ltd.	0.159	Per Kg	US Dollar
8	2803 00 10	-do-	China PR	China PR	M/s Longxing Chemical Stock Co., Ltd.	M/s Ningbo Sheen All Chemical Co. Ltd through M/s Hhui Chemical Co., Ltd	0.094	Per Kg	US Dollar
9	2803 00 10	-do-	China PR	China PR	M/s Jiangxi Black Cat Carbon Black Co., Ltd	M/s Jiangxi Black Cat Carbon Black Co., Ltd	0.109	Per Kg	US Dollar
10	2803 00 10	-do-	China PR	China PR	Any combination other than at S. Nos. 5, 6, 7, 8 and 9.		0.190	Per Kg	US Dollar
11	2803 00 10	-do-	China PR	Any country other than China PR	Any	Any	0.190	Per Kg	US Dollar
12	2803 00 10	-do-	Any country other than countries attracting Anti-dumping duty	China PR	Any	Any	0.190	Per Kg	US Dollar
13	2803 00 10	-do-	Russia	Russia	M/s. Yaroslavskiy Tekhnicheskii Uglerod	M/s Trigon Gulf FZCO	0.132	Per Kg	US Dollar
14	2803 00 10	-do-	Russia	Russia	Any combination other than at S. No. 13.		0.132	Per Kg	US Dollar
15	2803 00 10	-do-	Russia	Any country other than Russia.	Any	Any	0.132	Per Kg	US Dollar
16	2803 00 10	-do-	Any country other than countries attracting Anti-dumping duty	Russia	Any	Any	0.132	Per Kg	US Dollar
17	2803 00 10	-do-	Thailand	Thailand	M/s Thai Tokai Carbon Product Company Ltd.	M/s Thai Tokai Carbon Product Company Ltd.	0.114	Per Kg	US Dollar
18	2803 00 10	-do-	Thailand	Thailand	Any combination other than at S. No. 17		0.195	Per Kg	US Dollar

19	2803 00 10	-do-	Thailand	Any country other than Thailand	Any	Any	0.195	Per Kg	US Dollar
20	2803 00 10	-do-	Any country other than countries attracting Anti-dumping duty	Thailand	Any	Any	0.195	Per Kg	US Dollar

Provided that nothing contained in this notification except for the entry at serial number 1 of the Table shall apply to Carbon Black grades N880, N990 and N991 and Carbon black grades meant for semi conductive compound applications.

2. The anti-dumping duty imposed under this notification shall be effective up to and inclusive of the 29<sup>th</sup> day of January, 2010 and shall be payable in Indian currency.

*Explanation.* - For the purposes of this notification, rate of exchange applicable for the pur-

poses of calculation of such 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 conferred by sub-clause (i) of clause (a) of sub-section (3) of section 14 of the Customs Act 1962 (52 of 1062), and the relevant date for the 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.354/130/2009-TRU]

sional anti-dumping duty on the imports of subject goods, originating in, or exported from, the subject countries;

Now, therefore, in exercise of the powers conferred by sub-section (2) of section 9A of the said Customs Tariff Act, 1975 read with rules 13 and 20 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 findings of the designated authority, hereby imposes on the goods, the description of which is specified in column (3) of the Table below, falling under heading of the First Schedule to the said Customs Tariff Act as specified in the corresponding entry in column (2), originating in the country specified in the corresponding entry in column (4), and exported from the country specified in the corresponding entry in column (5) and produced by the producer specified in the corresponding entry in column (6) and exported by the exporter specified in the corresponding entry in column (7), and imported into India, an anti-dumping duty at the rate equal to the amount indicated in the corresponding entry in column (8), in the currency as specified in the corresponding entry in column (10) and per unit of measurement as specified in the corresponding entry in column (9) of the said Table.

### Provisional Anti-dumping Duty Imposed on Polypropylene from Oman, Saudi Arabia and Singapore

Ntfn 82  
30.07.2009  
(DoR)  
Whereas in the matter of imports of Polypropylene [hereinafter referred to as the subject goods], falling under heading 3902 of the First Schedule to the Customs Tariff Act, 1975 (51 of 1975), originating in, or exported from, Oman, Saudi Arabia and Singapore (hereinafter referred as the subject countries) and imported into India, the designated authority in its preliminary findings *vide* notification No.14/5/2009-DGAD, dated the 15th June, 2009, published in the Gazette of India, Extraordinary, Part I, Section 1, dated the 15th June, 2009, has come to the conclusion that –

(a) the subject goods have been exported to India from the subject countries at prices less than their normal values in the domestic market of the exporting countries;

(b) the dumping margins of the subject goods imported from the subject countries are substantial and above de minimis; and

(c) the domestic industry has suffered material injury and the injury has been caused to the domestic industry mainly by price effect of dumped imports of the subject goods originating in or exported from the subject countries;

and has recommended imposition of provi-

Table

SNo	Heading	Description of goods	Country of Origin	Country of Exports	Producer	Exporter	Amount	Unit of measurement	Currency
(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)	(9)	(10)
1	3902	'Polypropylene (i.e., homo-polymers of propylene and copolymers of propylene and ethylene)'	Oman	Oman	M/s Oman Polypropylene LLC	M/s Oman Polypropylene LLC	Nil	Metric tonne	US dollar
2	3902	-do-	Oman	Oman	Any combination other than as specified at Sr. No.1		977.67	Metric tonne	US dollar
3	3902	-do-	Oman	Any other than Oman	Any	Any	977.67	Metric tonne	US dollar
4	3902	-do-	Any country other than countries attracting Anti-dumping duty	Oman	Any	Any	977.67	Metric tonne	US dollar
5	3902	-do-	Saudi Arabia	Saudi Arabia	Advanced Polypropylene Co.	Advanced Polypropylene Co.	440.48	Metric tonne	US dollar
6	3902	-do-	Saudi Arabia	Saudi Arabia	Saudi Polyolefins Company	National Petrochemical Industrialization Marketing company/ Basell Polyolefins company	Nil	Metric tonne	US dollar
7.	3902	-do-	Saudi Arabia	Saudi Arabia	Any combination other than as specified at Sr. No.5 and 6		820.55	Metric tonne	US dollar
8.	3902	-do-	Saudi Arabia	Any other than Saudi Arabia	Any	Any	820.55	Metric tonne	US dollar
9.	3902	-do-	Any country other than countries attracting Anti-dumping duty	Saudi Arabia	Any	Any	820.55	Metric tonne	US dollar

10.	3902	-do-	Singapore	Singapore	The Polyolefin Company (Singapore) Pte. Ltd.	Sumitomo Corporation Asia Pte. Ltd.	81.20	Metric tonne	US dollar
11.	3902	-do-	Singapore	Singapore	The Polyolefin Company (Singapore) Pte. Ltd.	Toyota Tsusho (Singapore) Pte.	119.32	Metric tonne	US dollar
12.	3902	-do-	Singapore	Singapore	The Polyolefin Company (Singapore) Pte. Ltd.	Marubeni Chemical Asia Pacific Pte. Ltd.	Nil	Metric tonne	US dollar
13.	3902	-do-	Singapore	Singapore	The Polyolefin Company (Singapore) Pte. Ltd.	Itochu Plastics Pte. Ltd.	472.29	Metric tonne	US dollar
14.	3902	-do-	Singapore	Singapore	Exxon Mobil Chemical Asia Pacific	Exxon Mobil Chemical Asia Pacific	44.43	Metric tonne	US dollar
15.	3902	-do-	Singapore	Singapore	Exxon Mobil Chemical Asia Pacific, Singapore	Mitsubishi Chemical Thailand (Co.) Ltd.	Nil	Metric tonne	US dollar
16.	3902	-do-	Singapore	Singapore	Any combination other than as specified at Sr. Nos.10-15.		1033.65	Metric tonne	US dollar
17.	3902	-do-	Singapore	Any other than Singapore	Any	Any	1033.65	Metric tonne	US dollar
18.	3902	-do-	Any country other than countries attracting Anti-dumping duty	Singapore	Any	Any	1033.65	Metric tonne	US dollar

3. The anti-dumping duty imposed under this notification shall be effective upto and inclusive of the 29<sup>th</sup> day of January, 2010 and shall be payable in Indian currency.

*Explanation.* - For the purposes of this notification, rate of exchange applicable for the purposes of calculation of such 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 conferred by section 14 of the Customs Act 1962 (52 of 1962), and the relevant date for the 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.354/140/2009 –TRU]

## Procedure for Submission of IEC Application

The following Trade Notice was issued by the Zonal Jt. DGFT (CLA), New Delhi on 22 June 2009.

### [A] Submission of IEC Application on Special Counter

01-TN To facilitate time bound disposal of the applications for issuance of IEC Numbers, it is hereby informed to the Trade / Industry that the applications received at the special counter between 10.00 am to 1.00 pm for issue of IEC, from Partner / Proprietor / Director / Karta / Authorised person (as per proforma enclosed), will be examined in the IEC section on the same day and in case of any deficiency / discrepancy, the application will be retuned to the applicant on the same day. Moreover, applications received after 1.00 pm will be examined and in case of any deficiency / discrepancy, the application will be retuned on the very next day by 1.00 pm, to the applicant. In such cases, application will be returned from the R&I counter between 3.30 pm to 5.00 pm on surrender of token issued against the application and pro-

duction of a valid Identity Card/Authority Letter.

### [B] Submission of additional information in IEC Application as per P.N. No. 187 read with P.C.No.94 both dt. 16.6.2009

As regards Public Notice No.187 (RE-2008)/2004-09 and Policy Circular No. 94 (RE 2008) / 2004-2009 and 16th June, 2009, attention of the Trade & Industry and Bankers is invited towards provisions that the application (ANF2) for issuance of fresh IEC or modification of IEC shall indicate the name and designation of the person whose photograph is affixed on the Bank Certificate. A photograph of the person along with his / her name and designation is also to be affixed on the IEC No. to be issued (Appendix 18 B). Two similar photographs of the same person should also be attached with the application.

The trade may please note and comply accordingly to avoid delay.

### Internal Instruction No. 1 dated 22 June 2009

Office of the Zonal Jt. Director General of Foreign Trade (CLA), 'A' Wing, I.P. Bhawan, New Delhi - 2

Attention is invited to Public Notice No.187 (RE-2008)/2004-09 read with Policy Circular No. 94(RE 2008)/2004-2009 both dated 16th June, 2009 and Trade Notice No. 01/AM10 dated 22/06/2009.

Henceforth, in addition to the existing procedure being followed for IEC applications, all the Officials are to follow the instructions as below:-

### a) Additional information/documents required

The application (ANF2) for issuance of fresh IEC or modification of IEC shall indicate the name and designation of the person whose photograph is to be affixed on the Bank Certificate. A photograph of the person alongwith his /her name and designation shall also be affixed on

the IEC No. to be issued (Appendix 18 B).

### b) Limited Verification of new IEC Number

Physical verification of 10% of the IEC Nos. issued in a particular month shall be carried out in the next coming month. The physical verification of selected units must be completed in the month next to the issuance of the Code Number.

#### (i) Selection of IEC for verification

While selecting the IECs for physical verification, IEC section is to take up those cases first where the Bank Account has been opened within 6 months from date of IEC application. Physical verification of partnership / proprietorship firms may be carried out more than of the Companies which are registered under the Companies. Act. These files should be kept separately in the IEC section and handed over to the Verification Team.

#### (ii) Formation of Team for verification

The physical verification shall be carried out by a team of two officials (other than those whose has dealt with the particular IEC application) to be led by an officer not below the rank of FTDO. Verification Team will be on monthly Rotation Basis. A separate Register should be maintained by the IEC section showing the details of inspections done. This Register will be handed over to the inspection team for the next month.

#### (iii) Subsequent action to be taken if any adverse facts are found during inspection

In case any discrepancy is found in any of the IECs by the inspecting team, immediate necessary action must be taken in terms of disabling of the IEC and the following up as per existing provisions.

#### (iv) Despatch of IECs

IEC certificates shall be sent to the applicants on the address indicated in the application by registered post only. In exceptional cases, as decided by the Head of Office, such certificates may be handed over to the applicants.

#### (v) Action against IECs received back undelivered from Postal Authorities.

In case any certificate is returned undelivered by

postal authorities, RA may take immediate necessary action in terms of disabling the Code No. on EDI and carry out a thorough antecedent check of the firm before IEC is made operational again.

**A monthly report on the physical verification**

**must be sent to DGFT( HQ) in ECA Division regularly.**

The abovesaid procedure should be strictly followed. Any lapse found will be viewed seriously and responsibility will be fixed at the individual level.

element is penal in nature and will arise only if the authorization holder defaults in discharging this obligation under the above schemes. Hence, it is not the intention of the Board to add the interest component either simple or compound for the purpose of calculation of bond amount under the said para in respect of clearances of EPCG/ Advance Authorisations. The assessee, however bonds himself to pay the interest in case of default as specified in condition 4 of the Bond format enclosed to the Circular No. 58/2004-Cus.

3. Accordingly, it is clarified that the Bond under para 3 of Circular No. 58/2004-Cus shall cover only the duty ordinarily leviable on the goods but for the exemption. Similar analogy will apply for quantification of the BG amount.

4. However, the bond executed under both the schemes should include a condition that the interest and other charges as applicable will be paid by the authorization holder in case of non compliance of the conditions of the notifications under the above mentioned schemes.

5. Difficulties faced, if any, should be brought to the notice of Customs.

Proforma for Authority Letter (in company letter head) is to be given along with this Trade Notice No. \_\_\_\_\_ which is required to be given with application if not submitted by applicant himself.

**Authorisation**

To  
The O/o zonal Jt. DGFT  
(CLA), I.P. Bhawan  
New Delhi-2.

Date:-

Photograph  
attested  
by applicant

**Sub: - Submission of IEC application**

Sir,  
I \_\_\_\_\_ Proprietor / Partner / Director / Karta of M/s \_\_\_\_\_ hereby authorise Sh./Smt. \_\_\_\_\_ s/d of \_\_\_\_\_ r/o \_\_\_\_\_ who is working as \_\_\_\_\_ in my firm / company to submit application of IEC in your office. The signature / photo of Sh./Smt. \_\_\_\_\_ is attested

Yours faithfully,

( \_\_\_\_\_ )  
Signature of Authorised Signatory

( \_\_\_\_\_ )  
Signature with Seal

( \_\_\_\_\_ )  
Attested with Seal and Signature

**Administrative Distribution at CLA Office w.e.f 1 August**

The following Trade Notice was issued by the Zonal Jt. DGFT (CLA), 'A' Wing, I.P. Bhawan, New Delhi on 09 July 2009.

**F. No. Misc.1/AM.10/Trade Notice/CLA**

03-TN Trade is hereby informed that  
09.07.2009 in order to facilitate speedy  
(DGFT) disposal of cases and for  
administrative convenience,

the following steps are taken:-

1. A new section DES IV is created.
2. The Monitoring work being handled in NMS I & II sections is redistributed in DES I to IV Sections.
3. The work of ZALC section shall be distributed in 2 sections, ZALC I and ZALC II.
4. The applications related to VKGUY scheme, (except applications under Para 3.8.6 of Foreign Trade Policy), will be dealt in the concerned DES Sections instead of Miscellaneous Section.

5. It is clarified that applications related to other schemes in Foreign Trade Policy will continue to be dealt by the concerned sections as before save as 2, 3 & 4 above.

6. The work distribution amongst DES and ZALC Sections is as follows:-

Name of Section	Alphabets
DES I	A to F
DES II	G to L
DES III	M to R
DES IV	S to Z
ZALC I	A to L
ZALC II	M to Z

This will come into effect from 1st August, 2009.

**Quantum of Bond and Bank Guarantee under Advance Licence and EPCG**

The following Public Notice was issued by Asst. Commissioner of Customs, EPCG Section, Air Cargo Complex, Mumbai on 29 July 2009.

**F.No:S/3-Misc-299/2009 EPCG ACC**

Sub: Clarifications in respect of quantum of Bond and Bank Guarantee (BG) under Advance Authorisation and Export Promotion Capital Goods Scheme (EPCG).

20-PN Kind attention of all Importers/  
29.07.2009 Trade/ CHAs is invited to  
(DoR) Circular No. 4/2009-Cus dt.  
28.01.2009 relating to

clarifications in respect of quantum of Bond and Bank Guarantee (BG) under Advance Authorisation and Export Promotion Capital Goods Scheme (EPCG).

2. The matter has been examined by the Board.

Para 3 of Board's Circular No. 58/2004-Cus dated 21.10.2004 states that for clearances under Advance Authorisation and EPCG licence, the bond shall be taken for an amount equivalent to the duty ordinarily leviable on the goods but for the exemption. The said circular has not envisaged the concept of adding interest amount to the duty forgone for quantifying the amount of bond/ BG purposes. This is because the interest

**Rescheduling Timings for Receipt of Applications at the Counter**

The following Trade Notice was issued by the Zonal Jt. DGFT, Mumbai on 17 July 2009.

04-TN Members of trade are hereby  
17.07.2009 informed that as a measure  
(DGFT) of facilitation, the timings for  
submission of application  
receipt of licences at the counter has been  
rescheduled as under:

**For Receipt**

Same day applications - 10.00 a.m. to  
10.30 a.m.  
Regular applications - 10.30 a.m. to  
1.30 p.m.

**For Delivery**

- 2.30 p.m. to  
5.00 p.m.

The above timings will take effect from 20.07.2009.

**No Service Tax on Management, Maintenance or Repair of Roads**

24-ST In exercise of the powers  
27.07.2009 conferred by sub-section (1) of  
(DoR) section 93 of the Finance Act,  
1994 (32 of 1994) (hereinafter  
referred to as the Finance Act), the Central  
Government, on being satisfied that it is necessary in the public interest so to do, hereby exempts the taxable service, referred to in sub-clause (zzg) of clause (105) of section 65 of the Finance Act, 1994, provided to any person by any other person in relation to management, maintenance or repair of roads, from the whole of the service tax leviable thereon under section 66 of the said Finance Act.

## No Service Tax on Commission Paid by Companies to Directors/ MDs

*Subject: Service tax on commission paid to Managing Director / Directors by the company.*

**Dy. No. 324/Comm (ST)/2008**

115-ST Below mentioned issues have  
31.07.2009 been referred to the Board  
(DoR) seeking clarifications,-

(i) applicability of service tax under 'Business Auxiliary service' on commission paid to Managing Director / Directors (whole time, or Independent) by the company,

(ii) applicability of service tax on Independent Directors who are part of the Board of Directors under 'Management Consultant service'.

2. Both the matters have been examined by the Board and the clarifications are as under, -

(i) Some Companies make payments to Managing Director/Directors (Whole-time or Independent), terming the same as 'Commissions'. The said amount paid by a company to their Managing Director/Directors (Whole-time or Independent) even if termed as commission, is not the 'commission' that is within the scope of business auxiliary service and hence service tax would not be leviable on such amount.

(ii) The Managing Director / Directors (Whole-time or Independent) being part of Board of

Directors perform management function and they do not perform consultancy or advisory function. The definition of management consultant service makes it clear that what is envisaged from a consultant is advisory service and not the actual performance of the management function. The payments made by Companies, to Directors cannot be termed as payments for providing management consultancy service. Therefore, it is clarified that the amount paid to Directors (Whole-time or Independent) is not chargeable to service tax under the category 'Management Consultancy service'. However, in case such directors provide any advice or consultancy to the company, for which they are being compensated separately, such service would become chargeable to service tax.

3. In view of the above, it is clarified that remunerations paid to Managing Director / Directors of companies whether whole-time or independent when being compensated for their performance as Managing Director/Directors would not be liable to service tax.

Pending issues may be resolved in line with the above.

Receipts (IDRs) through a Domestic Depository and to permit persons resident in India and outside India to purchase, possess, transfer and redeem IDRs, it has been decided to operationalise the IDR Rules, notified by the Government of India, as amended from time to time, with immediate effect.

3. Accordingly, eligible companies resident outside India may issue Indian Depository Receipts (IDRs) through a Domestic Depository. The permission has been granted subject to compliance with the Companies (Issue of Depository Receipts) Rules, 2004 and subsequent amendments made thereto and the SEBI (DIP) Guidelines, 2000, as amended from time to time. In case of raising of funds through issuance of IDRs by financial/banking companies having presence in India, either through a branch or subsidiary, the approval of the sectoral regulator(s) should be obtained before the issuance of IDRs.

### Investment by Persons resident in India / FIIs / NRIs in IDRs

4. The FEMA Regulations shall not be applicable to persons resident in India as defined under section 2(v) of FEMA, 1999, for investing in IDRs and subsequent transfer arising out of transaction on a recognized Stock Exchange in India. Foreign Institutional Investors (FIIs) including SEBI approved sub-accounts of the FIIs, registered with SEBI and Non-Resident Indians (NRIs) may also invest, purchase, hold and transfer IDRs of eligible companies resident outside India and issued in the Indian capital market, subject to the Foreign Exchange Management (Transfer or Issue of Security by a Person Resident Outside India) Regulations, 2000 notified vide Notification No. FEMA 20 / 2000-RB dated May 3, 2000, as amended from time to time. Further, NRIs are allowed to invest in the IDRs out of funds held in their NRE / FCNR(B) account, maintained with an Authorised Dealer / Authorised bank.

### Fungibility

5. Automatic fungibility of IDRs is not permitted.

### Period of redemption

6. IDRs shall not be redeemable into underlying equity shares before the expiry of one year period from the date of issue of the IDRs. - 3 -

### Procedure for transfer and redemption of IDRs

7. At the time of redemption / conversion of IDRs into underlying shares, the Indian holders (persons resident in India) of IDRs shall comply with the provisions of the Foreign Exchange Management (Transfer or Issue of Any Foreign Security) Regulations, 2004 notified vide Notification No. FEMA 120 / RB-2004 dated July 7 2004, as amended from time to time. Accordingly, the following guidelines shall be followed, on redemption of IDRs:

i. Listed Indian companies may either sell or continue to hold the underlying shares subject to the terms and conditions as per Regulations 6B and 7 of Notification No. FEMA 120/RB-2004 dated July 7, 2004, as amended from time to time.

## Tariff Value on Poppy Seeds Cut by US\$ 667/MT

### Brass Scrap Tariff Value Up by US\$ 66/MT

103-Cus(NT) In exercise of the powers conferred by sub-section (2) of section 14 of the  
31.07.2009 Customs Act, 1962 (52 of 1962), the Board, being satisfied that it is necessary  
(DoR) and expedient so to do, hereby makes the following further amendment in the  
notification of the Government of India in the Ministry of Finance (Department  
of Revenue), No. 36/2001-Cus (N. T.), dated, the 3<sup>rd</sup> August 2001, namely: -

In the said notification, for the Table, the following Table shall be substituted namely:-

**Table**

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)	2984
9	1207 91 00	Poppy seeds	3323"

[F. No. 467/14/2009-Cus.V]

## Issue of Indian Depository Receipts (IDRs)

AP(DIR Srs) Attention of Authorised Dealer Category-I (AD Category-I) banks is invited to  
Cir.05 Companies (Issue of Indian Depository Receipts) Rules, 2004 (IDR Rules)  
22.07.2009 notified by the Ministry of Corporate Affairs and subsequent amendments made  
(RBI) thereto and Circular No. SEBI / CFD / DIL / DIP / 20 / 2006 / 3 / 4 dated April 3,  
2006 issued by the Securities and Exchange Board of India (SEBI) regarding  
issue of Indian Depository Receipts by foreign companies in India and the SEBI (Disclosure and Investor Protection) Guidelines, 2000.

2. In order to facilitate the eligible companies resident outside India to issue Indian Depository

ii. Indian Mutual Funds, registered with SEBI may either sell or continue to hold the underlying shares subject to the terms and conditions as per Regulation 6C of Notification No. FEMA 120/RB-2004 dated July 7, 2004, as amended from time to time.

iii. Other persons resident in India including resident individuals are allowed to hold the underlying shares only for the purpose of sale within a period of 30 days from the date of conversion of the IDRs into underlying shares.

iv. The FEMA provisions shall not apply to the holding of the underlying shares, on redemption of IDRs by the FIIs including SEBI approved sub-accounts of the FIIs and NRIs.

#### Others

8. The proceeds of the issue of IDRs shall be

immediately repatriated outside India by the eligible companies issuing such IDRs. The IDRs issued shall be denominated in Indian Rupees.

9. AD Category –I banks may bring the contents of this circular to the notice of their constituents and customers.

10. Necessary amendments to the Foreign Exchange Management (Transfer or Issue of Security by a Person Resident Outside India) Regulations, 2000 and Foreign Exchange Management (Transfer or Issue of Any Foreign Security) Regulations, 2004, are being issued separately.

11. 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.

## DFIA Scheme – Availment of CENVAT Credit Facility

The following Public Notice was issued by the Commissioner of Customs (Exports), Air Cargo Mumbai on 31 July 2009.

Subject: Duty Free Import Authorization (DFIA) Scheme - Amendment of notification no. 40/06-Cus dated 1.5.06 by notification no. 17/09-Cus dated 19.2.09 - Availing of facility under rule 18 (rebate of duty paid on materials used in the manufacture of resultant product) or sub-rule (2) of rule 19 of the Central Excise Rules, 2002 or Cenvat credit under CENVAT Credit Rules, 2004.

[Ref: F No. S/3-Misc-269/2009 ACC dated 31.7.2009]

21-PN Attention of exporters,  
31.07.2009 importers, trade, industry,  
CHA's and all concerned is  
invited to Board's Circular No. 11/2009-Cus  
dated 25.2.2009 on the above subject.

2. Doubts had been raised whether an exporter can avail the facility under rule 18 (rebate of duty paid on materials used in the manufacture of resultant product) or sub-rule (2) of rule 19 of the Central Excise Rules, 2002 or Cenvat credit under CENVAT Credit Rules, 2004 (here in after referred to as the 'said facilities') in respect of raw materials used in the manufacture of goods exported towards fulfillment of export obligation (EO) under Duty Free Import Authorization (DFIA) scheme, as well as duty free imports against the Authorization so obtained in terms of the DFIA scheme, simultaneously.

3. The matter was examined by the Ministry. The DFIA Scheme was introduced in the Foreign Trade Policy (FTP) in 2006 and it allowed, inter alia, duty free import of inputs for manufacture of export goods and transfer of the Authorization or the inputs imported against it after completion of the EO subject to fulfillment of certain conditions. One of the conditions stipulated in paragraph 4.4.7 of the FTP (2006) was that no Cenvat credit facility shall be available for inputs either imported or procured indigenously against the Authorization. Condition (v) of the corresponding customs notification No.40 / 2006-Cus dated 1.5.2006, issued to implement the DFIA scheme, accordingly provided that the EO would be discharged by exporting resultant products, manufactured in India which were specified in the said authorization and in respect of which the said facilities have not been availed of

in respect of materials imported / procured against the said authorization.

4. Several reports were received in the Ministry which indicated that, some exporters taking advantage of the words "against the Authorization" in the Policy (as well as the customs notification) followed post export route i.e. procured inputs on payment of duty from indigenous manufacturers, availed cenvat credit of duty paid on such inputs and then exported the finished products under the DFIA scheme. After completion of exports, the exporters approached the DGFT authorities for issue of transferable DFIA to enable them to import duty free materials. The DFIA's were then either sold in the market or used to import duty free material. Thus the exporters took Cenvat of duty paid on inputs used in the manufacture of goods exported under the DFIA scheme and also obtained DFIA / duty free imports against such DFIA's. It was contended that cenvat of duty paid on inputs was not being taken in respect of materials imported / procured locally against an authorization.

5. The words against the authorization had to be read constructively keeping in mind the overall objectives of the scheme. The Law Ministry clarified that from a perusal of the DFIA scheme and the conditions laid therein it appeared that the authorization holder cannot avail Cenvat credit on the inputs used in the manufacture of the goods exported under the DFIA scheme as well as duty free imports under the DFIA simultaneously as it amounts to double benefit and against the spirit and object of the scheme.

6. Hence, if exporters adopted the practice elaborated in para 4 above it may have resulted in double benefits. Unintended benefits may have occurred in cases where the duty free

## DEPB Claims by SEZ Units

[Ref: SEZ Instruction No. 19 dated 10 July 2009]

F.No.H.7/1/2007-SEZ

This is to clarify that DEPB claims in respect of SEZs shall be handled by the jurisdictional Zonal Development Commissioners. Such claims may be received by the respective Development Commissioners and forwarded with their recommendation to the jurisdictional Zonal Development Commissioners.

A list of Zonal DCs and the States under their jurisdiction is placed at Annexure-I.

### Annexure-I

#### List of Zonal DCs and the States under their jurisdiction

Name of DC	States
1. DC, KSEZ	Gujarat
2. DC, MEPSEZ	Tamilnadu
3. DC, SEEPZ SEZ	Maharashtra, Goa, Dadra & Nagar Haveli
4. DC, NSEZ	Uttar Pradesh, Madhya Pradesh, Rajasthan, Delhi, Punjab, Haryana, Chandigarh, Chattisgarh, Uttarkhand
5. DC, CSEZ	Kerala, Karnataka
6. DC, FALTA SEZ	West Bengal, Orissa, Assam, Jharkhand, Pondicherry, Nagaland
7. DC, VSEZ	Andhra Pradesh

inputs, (imported / procured subsequent to completion of EO using indigenously procured inputs and on which Cenvat credit has been availed of by the exporter) are transferred or used in the manufacture of non excisable / exempted /nil duty goods. The transferee in such cases obtains the duty free raw materials and escapes the levy of excise duty on finished products in domestic market sale. The position holds good even under actual user imports if the replenished materials are utilized in the manufacture of non-excisable/exempted/nil-duty products.

7. The DGFT modified the provisions of the DFIA Scheme in FTP 2007 and 2008. To put the matter beyond doubt, it was decided to amend notification No. 40/06-Cus dated 1.5.06 vide notification No.17/09-Cus dated 19.2.09 to incorporate the features of FTP 2007 and 2008.

8. The notification no 17/09-Cus dated 19.2.09 amends notification no. 40/2006-Customs, dated 1.5.2006 in the following manner, namely :-

"In the said notification,-

(1) For condition number (iii) the following conditions shall be substituted, namely:-

"(iii) that in respect of imports made before the discharge of export obligation in full, the importer at the time of clearance of the imported materials executes a bond with such surety or security and in such form and for such sum as may be specified by the Deputy Commissioner of Customs or Assistant Commissioner of Customs, as the case may be, binding himself to pay on demand an amount equal to the duty leviable,

but for the exemption contained herein, on the imported materials in respect of which the conditions specified in this notification are not complied with, together with interest at the rate of fifteen percent per annum from the date of clearance of the said materials;

(iiia) that in respect of imports made after the discharge of export obligation in full, if facility under rule 18 (rebate of duty paid on materials used in the manufacture of resultant product) or sub-rule (2) of rule 19 of the Central Excise Rules, 2002 or CENVAT Credit under CENVAT Credit Rules, 2004 has been availed, then the importer shall, at the time of clearance of the imported materials furnish a bond to the Deputy Commissioner of Customs or Assistant Commissioner of Customs, as the case may be, binding himself, to use the imported materials in his factory or in the factory of his supporting manufacturer for the manufacture of dutiable goods and to submit a certificate, from the jurisdictional Central Excise officer within six months from the date of clearance of the said materials, that the imported materials have been so used:

Provided that, in case,

(a) materials are imported against an authorisation transferred by the Regional Authority, or

(b) the imported materials are transferred with the permission of Regional Authority,

then the importer shall pay an amount equal to the additional duty of customs leviable on the materials so imported or transferred, but for the exemption contained herein, together with interest at the rate of fifteen percent per annum from the date of clearance of the said materials:

Provided further that if the importer pays additional duty of customs leviable on the imported materials but for the exemption contained herein, then the imported materials may be cleared without furnishing a bond specified in this condition and the additional duty of customs so paid shall be eligible for availing CENVAT Credit under the CENVAT Credit Rules, 2004;

(iib) that in respect of imports made after the discharge of export obligation in full, and if facility under rule 18 (rebate of duty paid on materials used in the manufacture of resultant product) or sub-rule 2 of rule 19 of the Central Excise Rules, 2002 or CENVAT credit under CENVAT Credit Rules, 2004 has not been availed and the importer furnishes proof to this effect to the satisfaction of the Deputy Commissioner of Customs or the Assistant Commissioner of Customs as the case may be, then the imported materials may be cleared without furnishing a bond specified in condition (iiia);”

(2) in condition (iv), for the words, figures, letters and brackets “Special Economic Zone as specified in the notification issued under section 76A of the Customs Act, 1962(52 of 1962)” the following words, figures and brackets shall be substituted, namely:-

“ a Special Economic Zone notified under section 4 of the Special Economic Zones Act, 2005 (28 of 2005)”.

(3) for condition number (v), the following condition shall be substituted, namely:-

“ (v) that the export obligation as specified in the said authorization (both in value and quantity terms) is discharged within the period specified in the said authorization or within such

extended period as may be granted by the Regional Authority by exporting resultant products, manufactured in India which are specified in the said authorization:

Provided that an Advance Intermediate authorization holder shall discharge export obligation by supplying the resultant products to the exporter in terms of

paragraph 4.1.3 (ii) of the Foreign Trade Policy.”

(4) In the Explanation, after clause (iv), the following clause shall be inserted, namely:-

“(v) dutiable goods” means excisable goods which are not exempt from central excise duty and which are not chargeable to ‘nil’ rate of central excise duty .”.

9. The salient features of the amending notification no. 17/09-Cus dated 19.2.09 are as under:-

(a) The restriction imposed vide condition No. (v) of the notification No. 40/06-Cus has been deleted; thus the ‘said facilities’ can now be availed by the exporter. However, in respect of imports made after the discharge of export obligation in full, if the ‘said facilities’ have been availed, then,-

i. the importer at the time of clearance of the imported materials shall execute a bond that he shall use the imported materials in his factory or in the factory of his supporting manufacturer for the manufacture of dutiable goods. Further, he shall submit a certificate from the jurisdictional Central Excise officer within 6 months from the date of clearance of the said materials, that the imported materials have been so used. It may be noted that in case this condition is violated, then the importer would be required to pay all duties of customs which have been exempted under notification No. 40/06-Cus dated 1.5.06. These duties are duties of Customs leviable as specified in the First Schedule to the Customs Tariff Act, 1975, the additional duty, safeguard duty and anti-dumping duty specified under sections 3,8 and 9A of the said Customs Tariff Act respectively and cess as applicable. The term ‘dutiable goods’ has been defined in the explanation to the notification and would mean all excisable goods which are not exempt from Central Excise duty and which are not chargeable to ‘nil’ rate of central excise duty;

ii. if the materials are imported against an authorization transferred by the Regional Authority, or the imported materials are transferred with the permission of Regional Authority, then the importer has to pay an amount equal to the additional duty of customs. In case, the duty is not paid then interest @ 15% from the date of clearance of the said materials till the date of payment has to be paid;

iii. the importer also has an option to pay additional duty of customs on the imported materials and clear his goods without furnishing any bond as specified in condition No. (iiia) of the notification number 17/09-Cus dated 19.2.09. This additional duty of customs so paid shall be eligible for availing CENVAT Credit under CENVAT Credit Rules, 2004.

(b) In respect of imports made after the discharge of export obligation in full, and if ‘said facilities’ have not been availed, then the imported materials can be cleared without furnishing a bond specified in condition (iiia) ibid. However, the importer will have to furnish a proof to

the assessing officer to the effect that the ‘said facilities’ have not been availed.

(c) In case of imports made before the discharge of export obligation in full, the importer has to execute a bond, at the time of clearance, binding himself to the conditions specified in the notification No. 40/06-Cus dated 1.5.06 and to pay the leviable customs duties along with interest @15% in case the conditions of the notification are not complied with. This condition was also present earlier before the amendment of the notification No. 40/06-Cus.

10. As regards the period prior to the issue of the notification No.17/09-Cus dated 19.2.09, in the light of contents of para 5 hereinabove, double benefits may have taken place in case the exporters have availed the ‘said facilities’ and also duty free replenishments. Further, unintended benefits may have occurred in cases where the duty free inputs, imported / procured subsequent to completion of EO using indigenously procured inputs and on which Cenvat credit has been availed of by the exporter, are transferred or used in the manufacture of non excisable / exempted /nil-duty goods. The action to recover revenue shall, therefore, be limited only to such cases. This would ensure uniformity for all the three years. This would mean that in case an exporter has availed the ‘said facilities’ during the period 1.4.05 to 18.2.09, the action to recover revenue shall be taken in case the duty free replenishments (imported / procured locally) have been used in the manufacture of non-dutiable goods. Further, the importer will have to pay an amount equal to the additional duty of customs if the materials are imported against an Authorization transferred by the Regional Authority, or the imported materials are transferred with the permission of Regional Authority.

11. It is therefore clarified that for the past cases, i.e duty free imports for the period 1.5.06 to 18.2.09,-

a) appropriate action to safeguard revenue may be taken against the actual users, if they have availed the ‘said facilities’ on the inputs used in the manufacture of the goods exported under the DFIA scheme, and thereafter used the imported/ locally procured duty free replenishments in the manufacture of non dutiable goods. This would mean collection of all duties of customs which were exempted in the notification no. 40/06-Cus while permitting duty free imports. Further, this action shall be taken in respect of all duty free imports affected during the years 2006-07, 2007-08 and 2008-09;

b) appropriate action to safeguard revenue may be taken in case imports /domestic procurement against Authorizations have been transferred. As per para 4.4.6 of the FTP (2007), this transfer should have taken place after payment of additional duty of customs / excise duty, as the case may be. It needs to be verified whether the practice as specified in the FTP was actually followed for the years 2007-08 and 08-09. If not, action to recover revenue needs to be taken accordingly;

c) appropriate action to safeguard revenue may be taken in case the Authorization itself has been transferred. As per para 4.4.6 of the FTP (2007) and para 4.72 of the HBP, this transfer should have taken place after payment of additional duty of customs / excise duty, as the case

may be. It needs to be verified whether the practice as enjoined in the FTP has actually been followed for the years 2007-08 and 08-09. If not, action to recover revenue needs to be taken;

d) as regards the authorizations issued prior to 1.4.2007, the Department of Commerce in para 4.4.6 of the FTP(2008) has provided that, exemption from payment of additional duty of customs /excise duty shall continue to be available, even after endorsement of transferability. In view of this, no action need be taken to recover revenue in such cases.

12. In this background all cases of such exports taken place through the ACC (Exports), Mumbai are in the process of being reviewed by the Group 7 which has addressed the relevant DFIA holders/their authorized importers for details. Based on the review appropriate measures to recover duties wherever required shall be initiated.

## Development Norms for Non Processing Areas in SEZs

*Subject: Norms for Building Infrastructure in the Non processing Area of SEZ*

*F.No.D.12/17/2008 SEZ dated August, 2009*

SEZ Cir.30 Aug.2009 I am directed to inform you that Empowered Group of Ministers in its meeting dated 24th October, 2008 had approved development guidelines to be followed in respect of operations in the non processing area of the SEZs.

2. As per the decision, the Board of Approval while approving infrastructure within each category in the non processing area of the SEZ will approve individual items on a case by case basis, depending upon the area of the SEZ, distribution of the area between processing and non processing area, available FAR, projected employee population, location of SEZ and other relevant factors. The items approved in each category will be subject to the notification dated 27.10.2006 on authorized operations in the SEZ. However, approval for each category as a whole will be subject to the overall ceiling as indicated by DDA. The overall ceiling in each category will be revised upwards in proportion with the available FAR and area. However, the actual setting up of facilities will be circumscribed by the local town planning norms. As an internal safeguard, construction could be allowed in a phased manner, wherever possible, linked with actual level of activities generated in the processing area.

3. The development norms as indicated by DDA are enclosed at Annexure for your compliance please. These norms are indicative norms. For higher quantum, BOA will decide on case to case basis. Further for authorised operations on which norms are not fixed, BOA will decide. The Developer is to get the Master plan approved from the local bodies for the indicative social structure before commencing construction.

### Annexure

#### Sub: Development Norms for Non Processing Areas in SEZs.

Permissible FAR and land area is based on the following assumptions

- The area permissible for the non processing use is Max 50%
- The norms are based on 100 FAR on total area under non processing zone
- Min area for IT/ITES – 100 ha
- Min Area for Multi Product SEZ – 1000 ha.

#### 1. Development guidelines – Multi Product SEZ

Maximum area permissible for Non Processing Zone – 500 ha

FAR – 100

Total Floor Space – 50,00,000 sqmts

Floor Space utilization

Activity	Percentage of floor space	Area in Sqmt
Residential – All types of housing typologies like villas, plotted housing apartments, condominiums etc as per the demand and need	50	25,00,000
Commercial – This includes retail commercial,	25	12,50,000

hotels, service apartments, multiplex etc

Facilities – This includes schools college, social cultural institutes, hospitals, medical center etc	25	12,50,000
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#### Land Utilization

Activity	Percentage of land Area	Land in Ha
Residential, commercial and facilities	55	275 (ground coverage 30%)
Open spaces	20	100
Circulation	25	125

Note: The overall ceiling in each category will be revised upwards in proportion with the available FAR and area.

#### 2. Development guidelines – Sector Specific SEZ

Maximum area permissible for Non Processing Zone 50 Ha.

FAR – 100

Total Floor Space – 5,00,000 sqmts

Floor space utilization

Activity	Percentage of floor space	Area in Sqmt
Residential – All types of housing typologies like villas, plotted housing apartments, condominiums etc as per the demand and need	50	2,50,000
Commercial – This includes retail commercial, hotels, service apartments, multiplex etc	25	1,25,000
Facilities – This includes schools college, social cultural institutes, hospitals, medical centers etc	25	1,2,5000

#### Land Utilization

Activity	Percentage of land Area	Land in Ha
Residential, commercial and facilities	55	27.5 (ground coverage 30%)
Open spaces	20	10
Circulation	25	12.5

Note: The overall ceiling in each category will be revised upwards in proportion with the available FAR and area.

#### 3. Development guidelines – IIT/ITES, Biotechnology, Gems and Jewellery SEZ

Maximum area permissible for Non Processing Zone 5 ha.

FAR – 100

Total Floor Space – 50,000 sqmts

Floor space Utilization

Activity	Percentage of floor space	Area in Sqmt
Residential – apartments, condominiums etc as per the demand and need	60	30,000
Commercial – this includes retail commercial, hotels, service apartments, multiplex etc	15	7,500
Facilities – This includes schools social cultural institutes, medical facilities such as dispensary nursing home etc	25	12,500

#### Land Utilization

Activity	Percentage of land Area	Land in Ha
Residential, commercial and Facilities	75	3.75 (ground coverage 30%)
Open spaces	10	0.50
Circulation	15	0.75

Note: The overall ceiling in each category will be revised upwards in proportion with the available FAR and area.

## Exchange Rates for Customs Valuation

### IMPORTS and EXPORTS

The current notification No. 102-Customs(NT) dated 29<sup>th</sup> July 2009 supersedes notification 68-Customs(NT) dated 26<sup>th</sup> June 2009.

102-Cus(NT) In exercise of the powers conferred by section 14 of the 29.07.2009 Customs Act, 1962 (52 of 1962), and in supersession of (DoR) the notification of the Government of India in the Ministry of Finance (Department of Revenue) **No.68/**

**2009-CUSTOMS (N.T.), dated the 26 June, 2009** vide number S.O. 1570(E), dated the 26<sup>th</sup> June, 2009, except as respects things done or omitted to be done before such supersession, the Central Board of Excise and Customs hereby determines that the rate of exchange of conversion of each of the foreign currency specified in column (2) of each of Schedule I and Schedule II annexed hereto into Indian currency or vice versa shall, **with effect from 1<sup>st</sup> August, 2009** be the rate mentioned against it in the corresponding entry in column (3) thereof, for the purpose of the said section, relating to imported and export goods.

SNo	Currency	Imported Goods		Exported Goods	
		Current	Previous	Current	Previous
<b>Schedule I – Rate of exchange of one unit of foreign currency equivalent to Indian rupees</b>					
1	Australian Dollar	40.45	39.40	39.20	38.20
2	Canadian Dollar	45.20	42.60	44.05	41.50
3	Danish Kroner	9.40	9.25	9.10	8.95
4	EURO	69.55	68.55	67.90	66.90
5	Hong Kong Dollar	6.30	6.30	6.15	6.20
6	Norwegian Kroner	7.95	7.60	7.65	7.35
7	Pound Sterling	80.50	80.80	78.65	78.80
8	Swedish Kroner	6.65	6.25	6.45	6.15*
9	Swiss Franc	45.75	44.95	44.45	43.70
10	Singapore Dollar	33.90	33.70	33.10	32.85
11	US Dollar	48.70	48.95	47.80	48.05

**Schedule II – Rate of exchange of 100 units of foreign currency equivalent to Indian rupees**

1	Japanese Yen	51.50	51.20	50.10	49.80
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\*w.e.f 22.07.2009

[F.No.468/12/2009-Cus.V]

### Japan Rice Output May Decline 6.9% this Year on Cool Weather

Japanese rice production may drop 6.9 percent this year to 8.21 million metric tons, as cool summer weather curbs yield, a research institute said.

The average yield for paddy rice will probably decline to 509 kilograms for every 10 ares (0.2471 acres), down 6.3 percent from last year, Tokyo-based Rice Databank Co. said on 5 August in a statement. Rice-planted area is expected to fall 0.8 percent to 1.61 million hectares, said the institute, which correctly predicted the nation's rice crop last year.

Japan, the world's largest grain importer, is self-sufficient in rice as the government protects growers from foreign competition with a 778 percent tariff on imports. The nation imported 1.1 million tons of rice in the year ended March 31, 1994 and an additional 1.5 million tons in the following year after a cool, rainy summer damaged crops in 1993.

Japan agreed to give minimum market access to rice-exporting countries at the Uruguay Round of world trade talks, and is obliged to buy 770,000 tons this fiscal year. The government imported a total of 9.38 million tons of rice from April 1995 to March 2009 in line with the agreement.

Inventories of private and government domestic food rice will fall to 2.92 million tons on June 30, 2010, from 2.98 million tons a year earlier, the agriculture ministry said in a report on July 31. The total includes 860,000 tons held by the government, unchanged from a year earlier, it said.

Japan's stockpiles of foreign rice stood at 1.11 million tons as of March 31, up from 970,000 tons at the end of last October, according to the report.

**BIG's Weekly Index of Changes No 19/05-11 August 2009**

### Commodity Spot Prices in India – 01-04 August 2009

These commodity prices are taken from Multi Commodity Exchange of India (Mumbai) at 6 pm every day. The weekly prices of commodities from different cities of India will be given in the order of Harmonized System classification.

Commodity Spot Prices covers price movements of 55 commodities (agricultural products and metals) provided on Multi Commodity Exchange of India on a daily basis. This Commodity Spot Prices Table focuses on price movements from 01-04 August.

Commodity	Unit	Market	(Rs.)		
			01-Aug	03-Aug	04-Aug
CER (Carbon Trading)	1 MT	Mumbai	836.5	836.5	864.5
Chana	100 KGS	Delhi	2386	2378	2410
Masur	100 KGS	Indore	4681	4699	4700
Potato	100 KGS	Agra	993.4	993	993.1
Potato TKR	100 KGS	Tarkeshwar	1052.5	1053	1051.3
Arecanut	100 KGS	Mangalore	8335	8358	8395
Cashewkern	1 KGS	Quilon	309	309	308
Cardamom	1 KGS	Vandanmedu	802.25	787.75	796
Coffee ROB	100 KGS	Kushalnagar	72.4	72.1	71.9
Jeera	100 KGS	Unjha	11521	11565	11624
Pepper	100 KGS	Kochi	13258	13277	13624
Red Chili	100 KGS	Guntur	5854	5856	5955
Turmeric	100 KGS	Nzmbad	6950	7125	7900
Guar Gum	100 KGS	Jodhpur	4950	4940	5075
Maize	100 KGS	Nzmbad	918.5	920	920
Mentha Oil	1 KGS	Chandausi	506.9	514.6	518.4
Cotton Seed	100 KGS	Akola	1432	1435	1438
Castorsd RJK	100 KGS	Rajkot	2491.5	2510.5	2534.5
Guar Seed	100 KGS	Jodhpur	2130	2119	2172
Soya Bean	100 KGS	Indore	NA	NA	NA
Mustrdsd JPR	20 KGS	Jaipur	527	537	534.1
Sesame Seed	100 KGS	Rajkot	6313	6388	6400
Coconut Oil Cake	100 KGS	Kochi	1014	1014	1014
KCBR Oil Cake	1 MT	Raipur	5960	6140	6125
Kapaskhali	50 KGS	Akola	625.2	627	628.5
Coconut Oil	100 KGS	Kochi	5044	5096	5096
Refsoy Oil	10 KGS	Indore	447.7	464.35	462.35
CPO	10 KGS	Kandla	328.8	339	337.7
Mustard Oil	10 KGS	Jaipur	494	500.9	499.1
Gnutoilexp	10 KGS	Rajkot	637.1	638	641.8
Castor Oil	10 KGS	Kandla	513	515	520
Crude Oil	1 BBL	Mumbai	3345	3345	3427
Furnace Oil	1000 KGS	Mumbai	25913	26621	26423
Sourcrd Oil	1 BBL	Mumbai	3103	3427.5	3394.5
Brent Crude	1 BBL	Mumbai	3414	3414	3475
Gur	40 KGS	Muzngr	1032.5	1030.8	1037.1
Sugars	100 KGS	Kolhapur	2367	2508	2554
Sugarm	100 KGS	Delhi	2593	2637	2688
Natural Gas	1 mmBtu	Hazirabad	175.9	175.9	193
Rubber	100 KGS	Kochi	10039	10082	10070
Cotton Long	1 Candy	Kadi	23860	23540	23470
Cotton Med	1 Maund	Abohar	2523	2520	2518.5
Jute	100 KGS	Kolkata	2673.5	2677	2700
Gold	10 GRMS	Ahmd	14830	14810	14774
Gold Guinea	8 GRMS	Ahmd	11864	11848	11819
Silver	1 KGS	Ahmd	22430	22755	22568
Sponge Iron	1 MT	Raipur	13925	13765	13890
Steel Flat	1000 KGS	Mumbai	30330	30330	30610
Steel Long	1 MT	Bhavnagar	21765	21765	21740
Copper	1 KGS	Mumbai	278.55	278.55	289
Nickel	1 KGS	Mumbai	849.4	888.7	885.5
Aluminium	1 KGS	Mumbai	89.7	92.4	91.9
Lead	1 KGS	Mumbai	88.75	93.25	91
Zinc	1 KGS	Mumbai	84.15	86.65	86.25
Tin	1 KGS	Mumbai	720	737.75	738.25

(Source: MCX Spot Prices)

**Export Credit of US \$25 mn to Sudan**

*Sub: Exim Bank's Line of Credit of USD 25 million to the Government of the Republic of Sudan*

AP(DIR Srs) Export-Import Bank of India  
Cir.04 (Exim Bank) has concluded an  
21.07.2009 Agreement dated January 26,  
(RBI) 2009 with the Government of  
the Republic of Sudan making  
available to the latter, a Line of Credit (LOC) of  
USD 25 million (USD twenty five million) for  
financing eligible goods and services including  
consultancy services from India for Elduem Sugar  
Project at White Nile State in Sudan. The goods  
and services including consultancy services from  
India for exports under this Agreement are those  
which are eligible for export under the Foreign  
Trade Policy of the Government of India and  
whose purchase may be agreed to be financed  
by the Exim Bank under this Agreement. Out of  
the total credit by Exim Bank under this Agree-  
ment, the goods and services of the value of at  
least 85 per cent of the contract price shall be  
supplied by the seller from India, and the re-  
maining 15 percent goods and services (other  
than consultancy services) may be procured by  
the seller for the purpose of Eligible Contract  
from outside India.

2. The Credit Agreement under the LOC is  
effective from July 6, 2009 and date of execution  
of Agreement is January 26, 2009. Under the  
LOC, the last date for opening of Letters of  
Credit and Disbursement will be 48 months from  
the scheduled completion date(s) of contract(s)  
in case of project exports and 72 months (Janu-  
ary 25, 2015) from the execution date of the  
Credit Agreement in case of supply contracts .

3. Shipments under the LOC will have to be  
declared on GR / SDF Forms as per instructions  
issued by Reserve Bank from time to time.

4. No agency commission is payable under  
the above LOC. However, if required, the ex-  
porter may use his own resources or utilize  
balances of his Exchange Earners' Foreign  
Currency Account for payment of commission in  
free foreign exchange. Authorised Dealer Cat-  
egory- I (AD Category-I) banks may allow such  
remittance after realization of full payment of  
contract value subject to compliance with the  
prevailing instructions for payment of agency  
commission.

5. AD Category-I banks may bring the con-  
tents of this circular to the notice of their exporter  
constituents and advise them to obtain full de-  
tails of the Line of Credit from Exim Bank's office  
at Centre One, Floor 21, World Trade Centre  
Complex, Cuffe Parade, Mumbai 400 005 or log  
on to [www.eximbankindia.in](http://www.eximbankindia.in).

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

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