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GST Council Constituted – Secretariat with Office in Delhi – Revenue Secy Appointed Ex Officio Secretary to Council, Chairman CBEC, One Addl Secy and Four Commissioners Jt Secy Rank Nominated to Secretariat

4 Fate of Empowered Committee (EC) of State Finance Ministers uncertain, Central Government Unlikely to Support "Trade Union" of State FMs in the EC

4 Funds to be Provided by Central Government – No Money from State Governments thus they have no Control on Staff

4 State Government Officers may be Invited to Join Secretariat on Central Government Deputation Basis

The Central Government has taken full control on the GST Council with a Secretariat of its own officers controlling the working of the body. In the scheme envisaged under Art 279A of the Constitution, the GST Council is a body of the Centre and State with the Finance Minister as Chairman and one of the State Finance Minister duly elected from the General Body of State Finance Minister as Vice Chairman. Two third of the votes are also with State Ministers with the Centre having only a third of the votes. It is thus strange how the Finance Minister has appointed the Revenue Secretary as permanent Secretary to the GST Council without the approval of the States. Similarly, the CBEC Chairman in ex officio member of the council, but under what authority? Do the State VAT Commissioners enjoy the same status in Council?

The Constitution (122nd Amendment) Bill, 2016, for introduction of Goods and Services Tax (GST) in the country was accorded assent by the President on 8th September, 2016, and the same has been notified as the Constitution (101st Amendment) Act, 2016.

As per Article **279A (1)** of the amended Constitution, the GST Council has to be constituted by the President within 60 days of the commencement of Article 279A. The notification for bringing into force Article 279A with effect from 12th September, 2016 was issued on 10th September, 2016.

As per **Article 279A** of the amended Constitution, the GST Council is a joint forum of the Centre and the States. It has:

Union Finance Minister as Chairperson with Minister of State, in-charge of Revenue of finance as Member and Minister In-charge of finance or taxation of each State Government are Members. One amongst them is elected as the Vice Chairperson.

As per **Article 279A (4)**, the Council makes recommendations to the Union and the States on important issues related to GST, like the goods and services that may be subjected or exempted from GST, model GST Laws, principles that govern Place of Supply, threshold limits, GST rates including the floor rates with bands, special rates for raising additional resources during natural calamities/disasters, special provisions for certain States, etc. The Constitution is silent on the Secretariat but does give the Council the powers to setup its own Dispute Redressal Mechanism.

The Union Cabinet in its meeting held on 12th September, 2016 approved setting-up of GST Council and took on to itself the powers of setting-up of the GST Secretariat. The Cabinet inter alia took decisions for the following:

(a) Creation of the GST Council as per Article 279A of the amended Constitution;
(b) Creation of the GST Council Secretariat, with its office at New Delhi;
(c) Appointment of the Secretary (Revenue) as the Ex-officio Secretary to the GST Council;
(d) Inclusion of the Chairperson, Central Board of Excise and Customs (CBEC), as a permanent invitee (non-voting) to all proceedings of the GST Council;
(e) Creation of one post of Additional Secretary to the GST Council in the GST Council Secretariat (at the level of Additional Secretary to the Government of India), and four posts of Commissioner in the GST Council Secretariat (at the level of Joint Secretary to the Government of India).

The Cabinet also decided to provide for adequate funds for meeting the recurring and non recurring expenses of the GST Council Secretariat, the entire cost for which shall be borne by the Central Government. The GST Council Secretariat shall be manned by officers taken on deputation from both the Central and State Governments.

The Finance Minister Arun Jaitley has also decided to call the First Meeting of the GST Council on 22nd and 23rd September 2016 in New Delhi. It is a matter of satisfaction for the Government that the steps required in the direction of implementation of GST are being taken ahead of the schedule so far.

Crude Rises to $46.43

Crude Oil (Indian Basket) from 05 - 09 Sept 2016

	05 Sept	06 Sept	07 Sept	08 Sept	09 Sept
($/bbl)	45.24	44.36	44.76	46.29	46.43
(Rs/bbl)	3023.63	2951.90	2970.45	3075.93	3089.77
(Rs/$)	66.84	66.55	66.36	66.45	66.55

(Previous Trading Day Price)

Source: Ministry of Petroleum & Natural Gas

India gives Ok 28.6% Tariff Lines with Preference of 33.4% to China and Korea in Bangkok Agreement (APTA)

4 Mongolia Joins APTA

The Cabinet approved India's offer 28.01% of dutiable national tariff lines (i.e. 3142 lines in HS2012 at 8-digit) with an average MoP (Margin of Preference) of 33.45%. This will deepen the concessions being offered under this Agreement.

Approval was also given to amend the preamble of APTA to effect accession of Mongolia as the 7th APTA Participating State. Other amendments to incorporate the Sectoral Rule of Origin to the Agreement were also given the go ahead by Modi Government.

The Union Cabinet, chaired by the Prime Minister Shri Narendra Modi, has approved the exchange of tariff concessions, on Margin of Preference basis, under the Fourth Round of Negotiations under the Asia Pacific Trade Agreement and related amendments. The Asia Pacific Trade Agreement or APTA (formerly the Bangkok Agreement) is an initiative under the United Nations Economic and Social Commission for Asia and the Pacific (UN ESCAP) for trade expansion through exchange of tariff concessions among developing country members of the Asia Pacific Region. The current membership of APTA consists of six countries or Participating States (PSs), namely, Bangladesh, China, India, Lao PDR, Republic of Korea, and Sri Lanka.

(Since this is a preferential trade agreement, the basket of items as well as extent of tariff concessions are enlarged during the trade negotiating rounds which are launched from time to time. Till date, three rounds of trade negotiations have taken place. Up to the Third Round, India has offered tariff preferences on 570 tariff lines at an average Margin of Preference (MoP) of 23.9% and an additional 48 tariff lines to LDC members at an average MoP of 39.7% at the 6-digit HS level. The third round, with respect to all Participating States, cumulatively covered concessions on 4,270 products with MOP of 27.2%).

The Fourth Session of the Ministerial Council of APTA, which is scheduled to be held shortly, will formally implement all the above decisions.

Donald Trump's 45% Tariff will Wipe $420 bn Off China Exports, FDI to Exit?

Victory for Donald Trump in the U.S. presidential election could be a game changer for China's economy.

Donald Trump promises to slap punitive 45% tariffs on Chinese imports may wipe hundreds of billions off the value, according to new research at Daiwa Capital Markets in Hong Kong.

The tariffs would likely be placed on a wide range of goods from machinery and tools to toys and home appliances.

Trump's suggestion for a 45 percent tariff on Chinese goods to narrow the trade deficit with America would spark an 87 percent decline in China's exports to the U.S. -- a decline of $420bn. (This could mean an opportunity for countries like India!). It will mean a 4.82% blow to China's GDP, or about a half trillion dollars' worth. An estimated $426bn in FDI repatriation may result as companies withdraw from the land of the Dragon.

The impact of trade and FDI will widen the capital account deficit. Together, this dynamic would put downward pressure on the yuan.

According to statements on his website, Trump has promised to label China a currency manipulator and to "reclaim millions of American jobs and revive American manufacturing by putting an end to China's illegal export subsidies and lax labour and environmental standards." The Republican Party nominee has argued that the yuan is as much as 40 percent undervalued deliberately to give exporters an advantage at the expense of American manufacturers.

China's quasi-fixed-exchange-rate regime and regular intervention by the People's Bank of China did help limit the yuan's gains over the past 20 years. At the same time, ultra loose monetary policy in the U.S. supplied China with limitless dollars at a low cost so China could recycle its surplus savings into funding the U.S. budget.

Russia on the Mat at WTO – Loses Two Cases

Over the month of August, two separate WTO panels have ruled that Russian trade policies are in violation of global rules. One case involves a Russian import ban on pigs and related products from the EU, while the other addresses import duties on paper, refrigerators and palm oil.

Russia joined the WTO in August 2012, following a difficult negotiating process that spanned nearly two decades.

Meanwhile, diplomatic relations between Russia and many of these same partners, such as the EU and the US, have also deteriorated sharply over various issues, most particularly Russia's annexation of Crimea and its handling of the Ukrainian crisis.

One of the panel rulings issued last month deals specifically with alleged Russian restrictions on imports of pigs, pork, and related goods from the European Union (DS475). Brussels filed the case after Russia imposed in early 2014 a sweeping ban on imported pigs and related products from the EU, along with issuing a few country-specific bans involving Estonia, Latvia, Lithuania, and Poland.

Russia, for its part, had argued that the ban was needed given that there had been cases of African swine fever – an extremely contagious condition that can prove deadly to pigs – in wild boar found in Lithuania and Poland.

Among other findings, the panel ultimately deemed that the import ban is not in line with the international standards set by the World Organization for Animal Health, known as the OIE by its French acronym.

The panel also faulted Moscow for not customising the ban around the actual circumstances in the areas where the pigs or pig products were being imported from – particularly as the EU had proven that there were regions that were fully fever-free.

Duties on Paper, Refrigerators, Palm Oil Exceed Bound Rate: In a separate case, a WTO panel also ruled that a series of import duties on select agricultural and industrial goods (DS485) are also in violation of global trade rules. The affected goods include various types of paper and paperboard products, along with some palm oil products and household freezers.

The EU filed the case in late 2014, alleging that for a series of tariff lines Russia was exceeding its "bound" rates that it had negotiated when joining the WTO – in other words, the ceilings that it agreed to respect for those products.

The panel ruled that the bulk of the measures– 11 out of the 12 – were indeed above agreed limits, finding.

Five Petroleum Products (Crude, HSD, MS, ATF and NG) under GST Soon

Petroleum products, including crude and some intermediate products, could be taxed under the proposed goods and services tax (GST), a move that will reduce the imperfections in the new levy. These five sectors are big consumers.

A modest tax of 2-3% with input tax credit is in the offing on these products is being examined and is expected to be taken up by the newly constituted GST Council of both inward and outward transport and provide key inputs to the petro chemical and energy sectors, all of which are under GST.

The idea is to have some minimal tax of about 2-3 per cent so that seamless flow of credit is not broken and cascading is removed.

Survey says GST Impact Positive on FDI

Feedback Business Consulting Services survey says GST rollout will be positive for the economy.

Around 72 per cent of the 67 respondents felt investments will rise across sectors and a significant portion of this will come in the form of FDI especially in heavy engineering and automotive sectors which are burdened with cascading taxes without set off.

Reduced logistics cost, supply chain efficiency, reduction in costs for tax & regulatory compliance, better penetration of markets and export effectiveness is said to be the major spin offs.

Rate at which tax will be charged, the survey said, remains key to GST success.

The survey was initiated immediately after the passage of GST Bill in parliament and the response were collated by 31st August.

Service Tax on Telecomm Services Exempted for All Previous Periods from 1 April 2016 where Licence Fee is Paid

[Ref: Service Tax Notification No. 39 dated 2nd September 2016]

Amendment in the notification of the Government of India in the Ministry of Finance (Department of Revenue) No.25/2012-Service Tax, dated the 20th June, 2012, namely:-

2. In the said notification, in the first paragraph, in entry 62, for the words and figures "during the financial year 2015-16", the words, figures and letters "during the period prior to 1st April, 2016" shall be substituted.

[F. No. B-1/20/2016 -TRU]

Welspun Cheats on Egyptian Cotton in Bedsheets, Wal Mart and Target Cancel Export Orders

(A case for Investigation by Commerce Ministry?)

Welspun India slid as much as 5 per cent in Mumbai trading after Wal-Mart Stores Inc. stopped selling the supplier's Egyptian-cotton sheets over concerns that the products' origins may be mislabeled.

The world's largest retailer said on Friday that Welspun wasn't able to assure that the sheets are 100 per cent Egyptian cotton.

Welspun's market value has dropped by about half since the controversy erupted August 19, when Target Corp. cut ties with the Indian vendor after discovering sheets and pillowcases that were labeled as premium Egyptian cotton were made with cheaper fiber. Unlike Target, Wal-Mart said it wouldn't end all business with Welspun.

Wal-Mart's move is a further blow to Mumbai-based Welspun's image, as other household-name customers, including Bed Bath & Beyond Inc., and J.C. Penny Co. also review the authenticity of its products. The affected goods represent about 6 per cent of Welspun's total business, the Indian manufacturer founded by Balkrishan Goenka said Saturday.

Customers often pay a premium for Egyptian-cotton products because they are perceived to be softer and more durable. Sheets made from cotton grown in other countries don't always carry the same cachet among Americans.

Wal-Mart sold the Welspun sheets and pillow cases under the names Better Homes & Gardens and Canopy. The company will offer refunds to customers who have purchased the sheets.

Why Egyptian Cotton

Throughout the past three centuries, Egyptian cotton has prevailed as one of Egypt's biggest competitive advantages. Its softness, strength and superior characteristics, have positioned products made of Egyptian cotton as the world's finest.

The length of the fibre makes it possible to make the finest of yarns without sacrificing the strength of the yarn

The strength of the fiber makes fabrics more solid and more resistant to stress

Its ability to absorb liquids gives fabrics made of Egyptian cotton deeper, brighter and more resistant colours

Its softness feels like nothing else in the world

Egyptian cotton is hand picked which guarantees the highest levels of purity. In addition, hand picking puts no stress on the fibres - as opposed to mechanical picking - leaving the fibers straight and intact.

All these factors have resulted in the Egyptian cotton being by far the best cotton in the world. Fabrics made of Egyptian Cotton are softer, finer and last longer than any other cotton in the world.

The thread count is the number of threads in each square inch and generally speaking, the higher the thread count, the more luxurious, dense and soft the material will feel. The quality of the yarn is also very important in the feel of the product, so thread count alone does not always tell the whole story.

120-180 Thread Count | This range is most suitable for rentals and basic domestic use, the type often found in hospitals, and certainly good for a spare room and where the usage calls for material of a more basic nature.

800 – 1000 Thread Count | Ultimate Luxury, pure indulgence, a step above the 600 Thread Count with an even greater lustre and a fuller fabric. This is an amazingly robust yet silky weave and will always be considered to be very beautiful bed linen even after many, many years.

Gold/Silver Articles (Other than Jewellery and Intermediate Products) Exempted from Excise Subject to Non Availment of Cenvat Credit

4 Condition of Non Availament Cenvat Credit inserted on 8 September 2016

[Ref: Central Excise Notification No. 34 dated 8th September 2016]

Amendments in the notification of the Government of India in the Ministry of Finance (Department of Revenue), **No. 12/2012-Central Excise, dated the 17th March, 2012**, namely:-

In the said notification, in the Table, for **serial number 192** and the entries relating thereto, the following serial number and the entries relating thereto, shall be substituted, namely:-

(1)	(2)	(3)	(4)	(5)
"192	71	(I) Articles of goldsmiths' or silversmiths' wares of precious metal or of metal clad with precious metal, not bearing a brand name;	Nil	52A
		(II) Strips, wires, sheets, plates and foils of gold, used in the manufacture of articles of jewellery and parts thereof;	Nil	52A
		(III) Precious and semi-precious stones, synthetic stones and pearls.	Nil	-

Explanation. – For the purposes of entries (I), (II) and (III) as the case may be,-

(i) "metal" shall include,-

(a) any alloy in which any of the metals specified in this entry at item No. (I) predominates by weight over each of the other metals specified in such item or any other metal in such alloy;

(b) any alloy in which the gold content is not less than 37.5 per cent by weight;

(ii) "articles" in relation to gold shall mean anything (other than ornaments), in a finished form, made of, or manufactured from or containing, gold and includes any gold coin and broken pieces of an article of gold but does not include primary gold, that is to say, gold in any unfinished or semi-finished form including ingots, bars, blocks, slabs, billets, shots, pellets, rods, sheets, foils and wires.

[F. No. 354/122/2016 –TRU]

Factory Stuffed Containers Direct Entry into Port Terminals without LEO (Let Export Order)

[CBEC Instruction F.No. 450/25/2009-CusIV dated 7th September 2016]

Subject: Entry of factory stuffed (including self sealed) export containers into port terminals prior to LEO.

Under the current practice at JNPT, following category of export containers are allowed direct entry into the port terminal prior to granting LEO.

a) Refrigerated Containers.
b) Over Dimensional Cargo (ODC).
c) Motor Vehicles.
d) Perishable non-refrigerated cargo: Containers stuffed under the supervision of the Central Excise/Customs officers, containing perishable non-refrigerated cargo like onion, garlic etc.
e) Factory Stuffed Cargo of Exporters having Status Certificate, 100% EOUs and units of SEZs

(2) In addition to the above, facilitation measures CBEC has vide Circular No. 33/2016-Cus allowed Direct Port Entry to all AEO Tier-I/ II/III status holders.

(3) Recently, Niti Aayog while examining the inter-ministerial issues relating to Port Eco-System efficiency parameters has recommended that all manufacturing firms should be allowed Direct Port entry (DPE) for which necessary orders will be issued by CBEC. Terminals / Port should provide requisite facilities for processing of export documents by Customs. This suggestion has been examined in the Board and found to be acceptable. It is, therefore, advised that all Customs Houses may issue suitable trade notices allowing factory stuffed export containers of all manufacturing entities after discussing the matter with the Port authorities about measures to handle the additional inflow of the export containers.

(4) Difficulties, if any, faced in the implementation of this Circular may he brought to the notice of the Board.

F.No. 450/25/2009-CusIV

Sub Manifest Transshipment Permit (SMTP) for Transfer of Cargo Clearance in ICDs Allowed

4 No More Waiting for Unloading of Entire Cargo from Ship

[CBEC Instruction F.No. 450/25/2009-Cus-IV dated 7th September 2016]

Subject: Delay in issuing of Sub Manifest Transshipment Permit (SMTP).

Recently, Niti Aayog while examining the inter-ministerial issues relating to Port Eco System Efficiency Parameters has recommended that Customs will issue SMTP for transfer of cargo destined to ICDs by rail without waiting for full discharge of the vessel.

2. This recommendation has been accepted by the Board. Immediate necessary steps for implementation of this recommendation may be taken at your level.

4. It may also be strictly ensured that there is no delay in granting SMTP for the cargo meant for clearance in ICDs.

F. No. 450/25/2009-Cus-IV

Industrial Urea and Technical Grade Urea Free from Licensing Restriction, Actual User Condition Dropped

[Ref: DGFT Notification No. 26 dated 9th September 2016]

Effect of this Notification: *The Actual User (AU) condition on import of Industrial Urea / Technical Grade Urea (TGU) is being removed.*

Subject: Amendment in import policy of Urea under ITC (HS) code 3102 10 00 of Chapter 31 of ITC (HS), 2012 - Schedule - 1 (Import Policy).

Central Government hereby amends the Import Policy of Urea under ITC (HS) code 3102 1000 of Chapter 31 of ITC (HS), 2012 - Schedule 1 (Import Policy).

2. On amendment, the ITC (HS) code 3102 10 00 will read as:

ITC (HS) Code	Item	Existing Policy	Revised Policy
3102 10 00	Urea, whether or not in aqueous solution	State Trading Enterprise. However, import of Industrial Urea / Technical Grade Urea (TGU) shall be free, subject to Actual User condition.	State Trading Enterprise. However, import of Industrial Urea / Technical Grade Urea (TGU) shall be free.

Para Nitroaniline from China Anti-dumping Duty Extended Till 8 Sept 2017 in Review

[Ref: Customs Notification No. 49 (ADD) dated 7th September 2016]

Continuation of anti-dumping duty on Para Nitroaniline, falling under tariff item 2921 42 26 of the First Schedule to the Customs Tariff Act, originating in, or exported from, People's Republic of China, imposed vide notification of the Government of India, in the Ministry of Finance (Department of Revenue), No.88/2011-Customs, dated the 9th September, 2011, and has requested for extension of anti-dumping duty for a further period of one year, in terms of sub-section (5) of section 9A of the Customs Tariff Act.

In the said notification, after paragraph 3 and before the Explanation, the following paragraph shall be inserted, namely: -

"4. Notwithstanding anything contained in paragraph 3, this notification shall remain in force up to and inclusive of the 8th day of September, 2017, unless revoked earlier.".

[F.No.354/148/2016-TRU]

DGFT Rescues Gold Exporters for Past Anomaly in RBI Notification, Allowed to Claim Replenishment

Effect of this Public Notice: *The RBI Circulars from 22.07.2013 to 14.02.2013 had not provided provisions to claim replenishment of gold in respect of export of Gems and jewellery products manufactured from gold, by participation in the exhibitions abroad or claiming gold in cases where gold was booked by payment of minimum 20% with Nominated Agency, subject to adjustment at time of actual sale. All such exporters have been provided one-time facility to claim replenishment of gold within 120 days from the date of issuance of this Public Notice subject to fulfilment of all other conditions of the FTP and HBP 2009-14.*

Subject: Amendments in paragraph 4A.21 of Hand Book of Procedures 2009-14 for export of Gems and Jewellery products manufactured from gold during the period 22.07.2013 to 14.02.2014 in terms of paragraph 4A.18 of Handbook of Procedures 2009-14 as one time exemption to claim replenishment of Gold.

29-PN
08.09.2016
(DoR)

In exercise of powers conferred under Paragraph 2.4 of the Foreign Trade Policy 2009-2014, as amended from time to time, the Director General of Foreign Trade makes the following amendments in paragraph 4A.21 of Hand Book of Procedures 2009-14 for export of Gems and Jewellery products manufactured from gold during the period 22.07.2013 to 14.02.2014 in terms of paragraph 4A.18 of Handbook of Procedures as one time exemption to claim replenishment of gold within 120 days of issuance of this public Notice to the following exporters.

2. Those exporters who had exported Gems and Jewellery products manufactured from gold by participating in overseas jewellery exhibitions under the replenishment scheme during the period 22.07.2013 to 14.02.2014 in terms of paragraphs 4A.18(a)(i) of HBP 2009-14. Such exporters may claim replenishment of gold from Nominated Agencies within 120 days of this Public Notice in relaxation of period prescribed in Para 4A.18(a)(i)(b) of HBP 2009-14, provided all other conditions mentioned in Para 4A.21 are fulfilled which includes realisation of export proceeds and any other condition of Foreign Trade Policy and Hand Book of Procedures.

3. Those exporters who had booked gold with Nominated Agencies by depositing earnest money for a minimum amount of 20% of notional price of gold subject to adjustment at time of actual sale as per paragraph 4A.21.1 of HBP 2009-14. Such exporters may claim replenishment of gold from Nominated Agencies, in respect of export of Gems and Jewellery products manufactured from gold during the period 22.07.2013 to 14.02.2014, within 120 days from the date of issuance of this Public Notice in relaxation of period prescribed in Para 4A.21 of HBP 2009-14 provided all other conditions mentioned in Para 4A.21 are fulfilled which includes realisation of export proceeds and any other condition of Foreign Trade Policy and Hand Book of Procedures.

Dual Issue of Zero Duty EPCG and SHIS Benefits in FTP 2009-14 Regularised, One of the Two Benefits to be Surrendered

Effect of this Public Notice: *The exporters who have incorrectly availed simultaneous benefit of zero percent EPCG and SHIS have been provided an option to surrender one of the benefits subject to certain conditions.*

Subject: Notification of procedure to be followed in cases of incorrectly issued simultaneous benefits of Zero Duty EPCG and SHIS in FTP 2009-14 by the Director General of Foreign Trade in exercise of powers conferred under Para 2.04 of the Foreign Trade Policy 2015-2020.

30-PN
08.09.2016
(DGFT)

This Directorate had received references from Directorate of Revenue Intelligence and various exporters, on the subject of incorrectly issued simultaneous benefits of Status Holder Incentive Scheme (SHIS) and Zero Duty EPCG Authorization under Foreign Trade Policy 2009-14. The issue involves Para 5.1(b) of FTP and Para 3.10.3(b) of HBP 2009-14. The representations have been examined by this Directorate in consultation with Department of Revenue and it has been decided that exporters who have been issued or availed such simultaneous benefit of these schemes shall be allowed flexibility, to the extent specified in this public notice, to choose one of the two schemes. The option to return either benefit shall be subject to the following:-

A. Return of SHIS

In case of return of SHIS (including splits), the unutilized SHIS (part or whole) may be surrendered by the original holder to whom such SHIS was issued by surrender of the original SHIS scrip.

The amount of SHIS that has been utilized, by the original applicant to whom SHIS was issued (who has not transferred the SHIS) shall be refunded In cash (with interest at the rate prescribed under Section 28AA of Customs Act from the date of issue of SHIS by the original applicant.

The amount of SHIS that has been transferred by original applicant shall be treated as amount of SHIS utilized and treated accordingly including for purpose of refund and interest payment by original applicant.

In cases where SHIS was issued based on exports of immediately preceding year and then zero duty EPCG was also issued, and the exporter opts to return the SHIS, the power under Para 2.58 of FTP 2015-20 in consultation with relevant Committee would be exercised by DGFT to relax the FTP/HBP provisions requiring the 'prior' return of SHIS.

B. Return of zero duty EPCG/Post Export EPCG

When zero duty EPCG (i.e. all relevant authorizations) has to be returned, the amount equivalent to the duty forgone shall be refunded in cash with interest at the rate prescribed -

(a) Rate in EPCG notification if EPCG returned was correctly availed

(b) Rate Under Section 28AA of Customs Act if EPCG returned was incorrectly availed) by the exporter.

The unutilized zero duty EPCG (whole or part) may be surrendered. Further, instead of return of zero duty EPCG (i.e. return of all the relevant authorizations), the exporter may opt to convert zero duty EPCGs issued till 17.4.2013 to 3% EPCGs (subject to eligibility) by paying the differential duties plus applicable interest (at the rate prescribed under Section 28AA) from date of clearance of the goods till the date of payment. In such cases, SHIS scrip need not be surrendered.

This option shall not be available when the zero duty EPCG is already redeemed by DGFT.

When zero duty Post Export EPCG is to be returned, the authorization(s) shall be surrendered. If any related duty credit scrip(s) against such Zero duty Post Export EPCG authorization(s) have been issued the same if unutilized may be surrendered by the original holder [by surrendering the original duty credit scrips]. The amount of such Post Export EPCG scrip(s) that has been utilized by the original applicant shall be refunded in cash (with interest at the rate prescribed under Section 28 AA of Customs Act from the date of issue of the PE EPCG). The amount of PE EPCG Scrip(s) that has been transferred shall be treated as amount of Post Export EPCG scrip(s) utilized and treated accordingly including for purposes of payment of interest by exporter.

C. Mode of payment

The amount shall be paid back to Government in cash. The facility of debiting the amount in valid freely transferable duty credit scrip issued under Foreign Trade Policy or in valid SHIS scrip held by the original holder to whom it was issued, shall be allowed for paying the refund part. However, interest part shall be always paid in cash.

D. Time Frame

A time frame of 9 months from provision of option by DGFT is allowed to exporters for the above.

E. No penal action in cases of incorrect issuance

On account of different interpretations on the issue in the past, it has been decided in consultation with DOR that any erroneous issuance of SHIS/ Zero Duty EPCG Authorisation will be considered bonafide error and no penal action shall be taken against exporters by RAs / field formations of Custom, including DRI. The Annexure provides the proper interpretation on the issuance of SHIS and Zero duty EPCG/PE-EPCG benefits.

F. Consequential Action by CBEC

The CBEC would be issuing a separate Circular for guidance of its field formations.

[Annexure available at worldtradescanner.com]

Melt Enterprises UK Notified as PSIA

[Ref: DGFT Public Notice No. 31 dated 9th September 2016, (*paragraph 2.04 of the Foreign Trade Policy, 2015-20)*]

Company Name

Melt Enterprises Ltd., UK

- USA 07030
- Cape Town 7915
- Spain
- Paris, France

Area of Operation

USA, South Africa, European Union, UAE, New Zealand and Australia

Customs Tariff Schedule Rate Amended for Marble

Govt Take Powers to Raise to 40%, Effective Rate Continues at 10%

A. Schedule Rate of Duty

B. Effective Duty

C. Not change in duty on Dolomite only entry number changed to 110B from 110A

THE TAXATION LAWS (AMENDMENT) BILL, 2016 (Bill No. 215-C of 2016)

As Passed by Lok Sabha on 10.08.2016

A BILL further to amend the Income-tax Act, 1961 and the Customs Tariff Act, 1975.

In the Customs Tariff Act, 1975, in the First Schedule,-

(a) in **Chapter 25**, for the entry "10%" in column (4) occurring against tariff items 2515 11 00, 2515 12 10, 2515 12 20, 2515 12 90, 2516 11 00 and 2516 12 00, the entry "40%" shall respectively be substituted;

(b) in **Chapter 68**, for the entry "10%" in column (4) occurring against tariff items 6802 10 00, 6802 21 10, 6802 21 20, 6802 21 90, 6802 23 10, 6802 23 90, 6802 29 00, 6802 91 00, 6802 92 00 and 6802 93 00, the entry "40%" shall respectively be substituted.

[Ref: Customs Notification No. 48 dated 8th September 2016]

Amendments in the notification of the Government of India in the Ministry of Finance (Department of Revenue) **No.12/2012-Customs dated the 17th March, 2012**, namely:-

In the said notification, in the Table,-

(a) for serial **number 110A** and the entries relating thereto, the following serial number and the entries shall be substituted, namely :-

(1)	(2)	(3)	(4)	(5)	(6)
"110A	2515 11 00, 2515 12 10, 2515 12 20, 2515 12 90, 2516 11 00, 2516 12 00	All goods	10%	-	-
110B	2518	Dolomite for metallurgical use conforming to IS:10346-2004	2.5%	-	-";

(b) after serial **number 303** and the entries relating thereto, the following serial number and the entries shall be **inserted**, namely :-

(1)	(2)	(3)	(4)	(5)	(6)
"303A	6802 10 00, 6802 21 10, 6802 21 20, 6802 21 90, 6802 23 10, 6802 23 90, 6802 29 00, 6802 91 00, 6802 92 00, 6802 93 00	All goods	10%	-	-".

[F. No.354/72/2015-TRU (Pt.)]

RCEP (ASEAN+6) Talks may Miss December 2016 Target

- Single Tier System for Tariff Cuts Prevail Over India Proposed Three Tier System

Meanwhile, on the RCEP front, ministers from participating economies convened in Vientiane, Laos, in early August in a bid to iron out some points of contention in the 16-country talks. The meeting was followed by a negotiating round the following week in Ho Chi Minh City, Vietnam.

Comprised of the 10 members of the Association of Southeast Asian Nations (ASEAN) and its six free trade agreement partners – Australia, China, India, Japan, South Korea, and New Zealand – the proposed RCEP would cover a combined GDP of over US$22.6 trillion and a population approaching 3.5 billion.

The negotiations themselves include, among other subjects, trade in goods and services, investment, competition, intellectual property, and dispute settlement.

Indian Commerce and Industry Minister Nirmala Sitharaman conceded last month that the talks may miss the December 2016 target, which already represents an extension from the initial goal of end-2015. The fifteenth round of negotiations is scheduled for 11-22 October in Tianjin, China.

Despite the difficult process, last month's meetings did reportedly lead to some convergence on certain key issues, such as market access in goods, along with advances on some intellectual property rights-related disagreements.

For example, regarding the former, RCEP participants have reportedly agreed to pursue a single-tier system of tariff reduction – granting the same cuts to all participants – in lieu of the proposed three-tier system, for which India had been one of the key proponents. In the previous three-tier arrangement, ASEAN countries would receive the greatest market access improvements, followed by countries with which India had already signed an FTA – specifically, South Korea and Japan. The countries with which India had no earlier FTA – China, Australia, and New Zealand – would see the lowest cuts.

TPP Ratification in US Congress Not this Year

The prospects for the US Congress to ratify the Trans-Pacific Partnership (TPP) Agreement are looking increasingly dim this year, despite continued efforts by the White House to build support for the deal.

Over six months after the TPP was signed in Auckland, New Zealand, the mammoth mega-regional deal with rules on areas ranging from environment to e-commerce is now facing an uncertain fate in the ratification stage.

In order to enter into force, the agreement must first be ratified domestically by at least six countries representing 85 percent of the group's total GDP. Therefore, both the United States Congress and the Japanese Diet must approve the agreement for TPP to move forward, which is set to be a challenging task for both legislatures.

Looking to 2017, both Republican Party candidate Donald Trump and Democratic Party candidate Hillary Clinton have declared that they oppose the TPP in its current form, leaving the pact's future uncertain in the next Administration. The US Congress too is not happy with the date exclusivity clause in bio drugs.

In Japan, the government has already finalised a bill seeking ratification of TPP and has created a committee to this effect, with a vote in the Diet now slated for this autumn. The debate in the Asian economic giant is expected to be contentious, particularly when it comes to the deal's provisions on agricultural liberalisation, which have long been a sensitive subject in Japanese politics.

World Bank Pink Sheet – September 2016

Crude, Coal, Edible Oil, Gold and Metals Rise

• Grains, Fertilizers, Copper and Silver Down

• Natural Gas, Sugar and Woodpulp, Steady

In August, energy prices increased 1.8%, and non-energy commodities slipped 0.5%. Food prices dropped 1.2%, and beverages decreased 1.1%. Raw materials dropped 0.1%, and fertilizers fell 0.6%. Metals and minerals rose 0.6%, and precious metals fell 0.1%.

Up↑

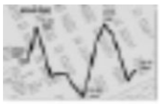
Coal; Crude; Coffee, robusta; Coconut oil; Copra;
Fishmeal; Groundnuts; Palm oil; Palmkernel oil; Soybean oil
US Bananas; Sheep Meat; Plywood; Logs; Rubber, TSR20; Urea
Aluminium, Iron Ore; Nickel, Tin and Zinc
Gold and Platinum

Down↓

Coffee, arabica and Tea
Soybean meal and Soybeans
Barley; Maize; Rice; Sorghum; Wheat; EU Bananas; Beef
Sawnwood; Cotton, Rubber, RSS3
DAP, Rock phosphate, Potassium chloride and TSP
Copper, Lead; Silver

Steady ↔

Natural gas; Cocoa; Chicken Meat; Shrimp
Oranges; World Sugar; Woodpulp



	Monthly averages				Quarterly averages					Annual averages		
	2016				2015			2016		2013	2014	2015
	Jun	July	Aug		Apr-Jun	Jul-Sep	Oct-Dec	Jan-Mar	Apr-Jun	Jan-Dec	Jan-Dec	Jan-Dec
Energy												
Coal, Australia $/mt	53.2	62.3	67.4	↑	59.0	57.5	52.3	50.9	51.9	84.6	70.1	57.5
Coal, Colombia $/mt	46.8	54.2	57.9	↑	54.3	50.4	48.0	42.7	44.8	71.9	65.9	52.5
Coal, South Africa $/mt	57.6	62.5	65.9	↑	60.7	54.3	51.1	51.5	54.8	80.2	72.3	57.0
Crude oil, average $/bbl	47.7	44.1	44.9	↑	60.5	48.8	42.2	32.7	44.8	104.1	96.2	50.8
Crude oil, Brent $/bbl	48.5	45.1	46.1	↑	62.1	50.0	43.4	34.4	46.0	108.9	98.9	52.4
Crude oil, Dubai $/bbl	45.8	42.6	43.7	↑	61.4	49.9	41.2	30.6	42.9	105.4	96.7	51.2
Crude oil, WTI $/bbl	48.8	44.7	44.8	↑	57.8	46.4	42.0	33.2	45.5	97.9	93.1	48.7
Natural gas, Index 2010=100	54.9	59.6	59.3	↔	74.2	72.2	61.4	52.2	49.5	112.1	111.7	73.3
Natural gas, Europe $/mmbtu	4.1	4.5	4.5	↔	7.3	6.9	6.3	4.8	4.1	11.8	10.1	7.3
Natural gas, US $/mmbtu	2.6	2.8	2.8	↔	2.7	2.7	2.1	2.0	2.1	3.7	4.4	2.6
Natural gas, LNG Japan $/mmbtu	6.0	6.3	6.3	↔	9.2	9.2	8.9	7.7	6.1	16.0	16.0	10.4
Agriculture												
Beverages												
Cocoa $/kg	3.12	3.05	3.04	↔	3.07	3.25	3.30	2.98	3.10	2.44	3.06	3.14
Coffee, arabica $/kg	3.65	3.79	3.69	↓	3.54	3.36	3.31	3.31	3.49	3.08	4.42	3.53
Coffee, robusta $/kg	1.89	2.00	2.02	↑	1.98	1.87	1.79	1.65	1.84	2.08	2.22	1.94
Tea, average $/kg	2.65	2.73	2.71	↓	2.79	2.85	2.76	2.36	2.57	2.86	2.72	2.71
Tea, Colombo auctions $/kg	2.95	3.10	3.22	↑	3.00	2.83	2.85	2.82	2.98	3.45	3.54	2.96
Tea, Kolkata auctions $/kg	2.74	2.80	2.70	↓	2.56	2.78	2.52	1.89	2.59	2.73	2.58	2.42
Tea, Mombasa auctions $/kg	2.27	2.31	2.20	↓	2.80	2.95	2.91	2.38	2.14	2.40	2.05	2.74
Oils and Meals												
Coconut oil $/mt	1,563	1,507	1,537	↑	1,115	1,067	1,109	1,273	1,531	941	1,280	1,110
Copra $/mt	1,048	1,008	1,041	↑	737	708	737	855	1,019	627	854	735
Fishmeal $/mt	1,586	1,550	1,576	↑	1,523	1,472	1,524	1,465	1,526	1,747	1,709	1,558
Groundnuts $/mt	1,260	1,400	1,550	↑	1,290	1,193	1,175	1,158	1,208	1,378	1,296	1,248
Groundnut oil $/mt	1,700	1,673	NA		1,346	1,332	1,298	1,277	1,550	1,773	1,313	1,337
Palm oil $/mt	683	652	736	↑	664	574	570	631	704	857	821	623
Palmkernel oil $/mt	1,312	1,277	1,396	↑	957	802	831	1,032	1,283	897	1,121	909
Soybean meal $/mt	467	441	404	↓	391	398	358	328	419	545	528	395
Soybean oil $/mt	798	788	812	↑	774	736	743	749	795	1,057	909	757
Soybeans $/mt	457	432	414	↓	394	385	372	370	424	538	492	390
Grains												
Barley $/mt	171.5	155.0	138.0	↓	201.4	199.9	186.8	183.1	172.0	202.2	138.2	194.3
Maize $/mt	179.9	161.8	150.6	↓	168.4	169.3	167.2	159.9	171.1	259.4	192.9	169.8

	Monthly averages				Quarterly averages					Annual averages		
	2016				2015			2016		2013	2014	2015
	Jun	July	Aug		Apr-Jun	Jul-Sep	Oct-Dec	Jan-Mar	Apr-Jun	Jan-Dec	Jan-Dec	Jan-Dec
Rice, Thailand 5% $/mt	441.0	442.0	415.0	↓	385.3	374.0	368.0	379.0	423.0	505.9	422.8	386.0
Rice, Thailand 25% $/mt	422.0	424.0	403.0	↓	372.3	361.7	359.0	370.0	407.7	473.0	382.2	372.6
Rice, Thailand A1 $/mt	426.8	417.9	397.8	↓	387.6	375.8	365.3	372.8	408.2	474.0	425.1	386.0
Rice, Vietnam 5% $/mt	372.5	361.6	347.5	↓	351.3	337.4	355.7	361.7	373.6	392.4	407.2	351.8
Sorghum $/mt	173.9	173.9	141.1	↓	215.2	190.0	176.3	173.9	173.9	243.3	207.2	204.7
Wheat, US HRW $/mt	173.0	151.6	149.8	↓	216.1	183.3	179.6	190.5	177.4	312.2	284.9	204.5
Wheat, US SRW $/mt	187.0	166.5	159.9	↓	205.2	196.4	200.6	190.0	189.9	276.7	245.2	206.4
Other Food												
Bananas, EU $/kg	0.94	0.93	0.90	↓	0.92	0.90	0.88	0.91	0.94	1.02	1.04	0.90
Bananas, US $/kg	0.99	1.01	1.06	↑	0.97	0.95	0.93	1.03	0.99	0.92	0.93	0.96
Meat, beef $/kg	4.00	4.14	4.09	↓	4.47	4.55	3.91	3.72	3.95	4.07	4.95	4.42
Meat, chicken $/kg	2.47	2.46	2.45	↔	2.55	2.55	2.50	2.47	2.46	2.29	2.43	2.53
Meat, sheep $/kg	4.66	4.41	4.67	↑	5.38	5.07	4.82	4.51	4.64	5.17	6.39	5.22
Oranges $/kg	0.88	0.97	0.96	↔	0.62	0.65	0.73	0.69	0.78	0.97	0.78	0.68
Shrimp, Mexico $/kg	10.69	10.69	10.69	↔	15.65	15.43	10.50	10.83	10.80	13.84	17.25	14.36
Sugar, EU domestic $/kg	0.37	0.36	0.37	↔	0.36	0.36	0.36	0.36	0.37	0.43	0.43	0.36
Sugar, US domestic $/kg	0.61	0.62	0.63	↔	0.54	0.54	0.56	0.57	0.61	0.45	0.53	0.55
Sugar, World $/kg	0.43	0.43	0.44	↔	0.29	0.27	0.32	0.31	0.38	0.39	0.37	0.30
Raw Materials												
Timber												
Logs, Cameroon $/cum	393.2	387.3	392.3	↑	387.0	389.3	383.2	385.8	395.2	463.5	465.2	388.6
Logs, Malaysia $/cum	282.3	286.0	294.0	↑	245.4	243.6	245.2	258.2	275.7	305.4	282.0	246.0
Plywood ¢/sheets	517.7	524.5	539.3	↑	450.1	446.8	449.8	473.7	505.8	560.2	517.3	451.2
Sawnwood, Cameroon $/cum	681.1	630.4	628.5	↓	734.0	742.8	727.2	686.0	687.7	749.2	789.5	732.6
Sawnwood, Malaysia $/cum	774.7	717.1	714.8	↓	834.8	844.9	827.1	780.3	782.3	852.8	897.9	833.3
Woodpulp $/mt	875.0	875.0	875.0	↔	875.0	875.0	875.0	875.0	875.0	823.1	876.9	875.0
Other Raw Materials												
Cotton, A Index $/kg	1.63	1.79	1.77	↓	1.59	1.56	1.53	1.48	1.57	1.99	1.83	1.55
Rubber, RSS3 $/kg	1.49	1.59	1.55	↓	1.79	1.48	1.28	1.32	1.61	2.79	1.95	1.57
Rubber, TSR20 $/kg	1.26	1.28	1.30	↑	1.51	1.34	1.19	1.15	1.37	2.52	1.71	1.37
Fertilizers												
DAP $/mt	346.0	341.0	340.0	↓	469.0	464.3	419.3	366.7	351.0	444.9	472.5	458.9
Phosphate rock $/mt	115.0	115.0	111.0	↓	115.0	117.0	122.8	116.0	115.0	148.1	110.2	117.5
Potassium chloride $/mt	256.0	228.0	220.0	↓	307.0	302.7	297.0	283.0	263.0	379.2	297.2	302.9
TSP $/mt	285.0	285.0	283.0	↓	380.0	380.0	380.0	328.0	282.3	382.1	388.3	385.0
Urea, E. Europe $/mt	191.0	177.0	182.0	↑	277.0	268.3	250.6	208.7	198.3	340.1	316.2	272.9
Metals and Minerals												
Aluminum $/mt	1,594	1,629	1,641	↑	1,770	1,592	1,494	1,514	1,572	1,847	1,867	1,665
Copper $/mt	4,642	4,865	4,759	↓	6,057	5,267	4,885	4,675	4,736	7,332	6,863	5,510
Iron ore $/dmt	52	57	61	↑	58	55	47	48	56	135	97	56
Lead $/mt	1,713	1,835	1,833	↓	1,942	1,717	1,682	1,738	1,718	2,140	2,095	1,788
Nickel $/mt	8,928	10,263	10,366	↑	13,056	10,579	9,423	8,508	8,823	15,032	16,893	11,863
Tin $/mt	16,967	17,826	18,405	↑	15,590	15,230	15,077	15,439	16,902	22,283	21,899	16,067
Zinc $/mt	2,026	2,183	2,277	↑	2,192	1,843	1,612	1,677	1,917	1,910	2,161	1,932
Precious Metals												
Gold $/toz	1,276	1,337	1,340	↑	1,193	1,124	1,107	1,181	1,260	1,411	1,266	1,161
Platinum $/toz	984	1,088	1,122	↑	1,127	986	907	914	1,005	1,487	1,384	1,053
Silver $/toz	17.3	20.0	19.6	↓	16.4	14.9	14.8	14.9	16.9	23.8	19.1	15.7

$ = US dollar; ¢ = US cent; bbl = barrel; cum = cubic meter; dmtu = Dry Metric Ton Unit; kg = kilogram; mmbtu = million British thermal units; mt = metric ton; toz = troy oz; n.a. = not available; n.q. = no quotation

Monsanto Going for $56bn in Sale Deal with Bayer

Only Three MNCs to Remain in Field with China

Bayer AG has reached an agreement to acquire Monsanto Co. for about $56 billion to create the world's biggest maker of seeds and pesticides, according to people familiar with the matter. India too will be specially affected as a major play in GM seed market.

The German company agreed to pay about $128 a share and an announcement is planned imminently, said the people, who asked not to be identified because talks are private. Bayer's supervisory board supports the deal, they said. Bayer is also offering an antitrust break fee of about $2 billion, one of the people said. If successful, it would lead to the biggest deal this year and the largest ever by a German company.

Bayer's wooing of St. Louis-based Monsanto has played out against a backdrop of a rapidly consolidating crop and seed industry as falling prices weighed on profits. A series of big deals may leave just a few global players.

China National Chemical Corp. agreed in February to acquire Syngenta AG, while DuPont Co. and Dow Chemical Co. plan to merge and then carve out a new crop-science unit.

Three Offers

Spokesmen for both companies declined to comment on the new proposal. Bayer rose 2.4 percent to 95.58 euros at 12:20 p.m. in Frankfurt trading. Monsanto gained 1.6 percent to $107.74 before the opening of U.S. markets.

Leverkusen, Germany-based Bayer first made an unsolicited offer for Monsanto of $122 a share in May, and then bumped that in July to $125. Both proposals were rejected by Monsanto as too low. Monsanto later granted access to some financial accounts to conduct due diligence. Last week, Bayer came back with a third offer of $127.50.

One impetus for Monsanto is the company's ambition to become a one-stop shop for farmers, and to sell a comprehensive array of fertilizers and seeds to be used in conjunction with big data applications. That's how farmers are going to increase productivity and yields to feed a growing world population, the company has said. For years, Monsanto pursued Swiss pesticide maker Syngenta to boost its farm chemicals portfolio, making three failed offers as recently as last year.

In the past two decades Monsanto has pioneered the commercialization of genetically modified organisms, or GMOs. GMO varieties of corn and soybeans now account for more than 90 percent of corn and soybean crops in the U.S.

Break Fee

That may account for the high break fee. The combination of both companies could account for more than 30 percent of the global crop-inputs business, stoking concern over whether the deal will be passed by competition authorities. The recent industry consolidation will also leave potentially fewer buyers for any assets sold off by Bayer-Monsanto to satisfy regulators.

Founded in 1901, Monsanto also used to produce pharmaceuticals and industrial chemicals, including highly toxic ones like polychlorinated biphenyls, now banned and commonly known as PCBs, and the herbicide Agent Orange, which was used by the U.S. military in Vietnam.

Bayer was founded in 1863 and made its name by introducing heroin as a cough remedy in 1896 and then aspirin in 1899. Bayer's stated ambition is to be the global leader in pharmaceuticals and chemicals for people, plants and animals.

WIndex No. 25 (14 - 20 September 2016)

Customs Exchange Rates

[As on 07 Sept 2016]

	Currency	Imports	Exports
1 FC = IC			
	Australian Dollar	51.45	49.65
	Bahrain Dinar	184.10	171.80
	Canadian Dollar	52.00	50.35
	Danish Kroner	10.25	9.85
4	EURO	76.05	73.50
	Hong Kong Dollar	8.75	8.55
	Kuwait Dinar	229.65	214.85
	Newzeland Dollar	49.55	47.65
	Norwegian Kroner	8.20	7.90
4	Pound Sterling	89.60	86.70
	Singapore Dollar	49.90	48.40
	South African Rand	4.70	4.40
	Saudi Arabian Riyal	18.50	17.30
	Swedish Kroner	7.95	7.70
	Swiss Franc	69.30	67.05
	UAE Dirham	18.85	17.65
4	US Dollar	67.90	66.20
	Chinese Yuan	10.20	9.85
100 FC = IC			
4	Japanese Yen	66.05	63.80
	Kenya Shilling	68.50	64.05

[F.No.468/01/2016-Cus.V]

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