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WTO Cuts Trade Growth by 0.5%

- Only 2.8% Growth Expected in this year
- Recovery to 3.9% Seem in 2016

WTO economists have lowered their forecast for world trade growth in 2015 to 2.8%, from the 3.3% forecast made in April, and reduced their estimate for 2016 to 3.9% from 4.0%.

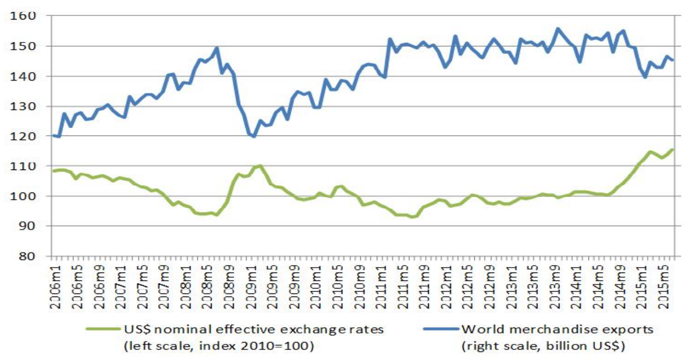
These revisions reflect a number of factors that weighed on the global economy in the first half of 2015, including falling import demand in China, Brazil and other emerging economies; falling prices for oil and other primary commodities; and significant exchange rate fluctuations.

Volatility in financial markets, uncertainty over the changing stance of monetary policy in the United States and mixed recent economic data have clouded the outlook for the world economy and trade in the second half of the year and beyond.

If current projections are realised, 2015 will mark the fourth consecutive year in which annual trade growth has fallen below 3 per cent and the fourth year where trade has grown at roughly the same rate as world GDP, rather than twice as fast, as was the case in the 1990s and early 2000s.

Trade values in dollar terms have declined in most countries since last year and were down roughly 12% year-on-year in July at the world level. This is partly the result of a strong general appreciation of the US dollar over this period (+15% in nominal effective terms against major currencies according to the Bank for International Settlements). As Chart 3 shows, there is generally an inverse relationship between world trade values in current dollar terms and the value of the US currency. For example, Germany's exports and imports were both down 14% year on year in dollar terms in July, but they were up 6% in euro terms.

Effective exchange rates and world merchandise exports, Jan. 2006 - July 2016



Sources: WTO Secretariat, Bank for International Settlements.

Table 1: Merchandise trade volume and real GDP, 2011-2016 [a]
Annual % change

	2011	2012	2013	2014	2015P	2016P
Volume of world merchandise trade	5.3	2.2	2.5	2.5	2.8	3.9
Exports						
Developed economies	5.1	1.1	2.2	2.0	3.0	3.9
Developing economies	5.9	3.7	3.8	3.1	2.4	3.8
North America	6.6	4.4	2.7	4.2	4.4	3.9
South and Central America	6.4	0.9	1.9	-1.3	0.5	3.1
Europe	5.5	0.8	2.4	1.6	2.8	3.7
Asia	6.4	2.7	5.0	4.7	3.1	5.4
Other regions [b]	2.3	3.9	0.7	-0.4	0.5	0.5
Imports						
Developed economies	3.4	0.0	-0.1	2.9	3.1	3.2
Developing economies	7.7	4.9	5.2	1.8	2.5	5.2
North America	4.3	3.2	1.2	4.6	6.4	5.2
South and Central America	12.1	2.3	3.4	-2.4	-5.6	5.7
Europe	3.2	-1.8	-0.2	2.3	3.2	3.4
Asia	6.5	3.7	4.8	3.4	2.6	4.3
Other regions [b]	7.8	9.9	4.1	-1.4	-1.5	0.5

a Figures for 2015 and 2016 are projections.

b Other regions comprise the Africa, Commonwealth of Independent States and Middle East.

Sources: WTO Secretariat for trade, concensus estimates for GDP.

The strongest downward revision to the previous export forecast for 2015 was applied to Asia, where the estimate was lowered to 3.1% from 5.0% in April. This is mostly due to falling intra-regional trade as China's economy has slowed. The downward revision to Asia on the import side was even stronger, from 5.1% to 2.6%, partly due to lower Chinese imports which were down 2.2% year-on-year in Q2 (non-seasonally adjusted data). The product composition of China's merchandise imports suggests that some of the slowdown may be related to the country's ongoing transition from investment to consumption led growth. Large year-on-year drops in quantities of imported machinery (-9%) and metals (iron and steel -10%, copper 6%) were recorded in customs statistics for August, while strong increases were recorded for agricultural products including cereal grains (+130%) and oilseeds (+33%).

Crude Falls to $44.70

Crude Oil (Indian Basket) from 23 - 29 Sept 2015

	23 Sept	24 Sept	25 Sept	28 Sept	29 Sept
($/bbl)	46.33	46.33	44.93	44.79	44.70
(Rs/bbl)	3056.44	3062.44	2969.79	2959.80	2958.75
(Rs/$)	65.97	66.10	66.10	66.08	66.18

(Previous Trading Day Price)
Source: Ministry of Petroleum & Natural Gas

market conditions, and therefore they satisfied the criteria for the Green Box (minimal trade distorting subsidies).

Modi – Obama Welcomes Vision on Asia Pacific

In a statement to media on 28 September during his visit to US, Prime Minister Modi welcome the progress in giving shape to the Joint Strategic Vision on Asia, Pacific and Indian Ocean Regions and also joint engagement with regional partners like Japan. It will strengthen maritime security cooperation, he said.

India looked forward to working with the U.S. for India's early membership of Asian Pacific Economic Community.

India is working on a new bilateral framework of economic cooperation, including the Bilateral Investment Treaty and Totalisation Agreement. (These may exemption to US from MAT which puts minimum tax obligation on companies).

United States Secretary of State John Kerry hosted the inaugural U.S.-India-Japan Trilateral Ministerial dialogue on 30 September Minister Sushma Swaraj and Japanese Foreign Minister Fumio Kishida on the sidelines of the 70th United Nations General Assembly in New York.

The Ministers underscored the importance of international law and peaceful settlement of disputes; freedom of navigation and overflight; and unimpeded lawful commerce, including in the South China Sea.

The three countries agreed to work together to maintain maritime security through greater collaboration. The United States and India welcome Japan's participation in the 2015 MALABAR exercise.

BRICS Calls for Political Settlement in Syria

The BRICS Ministers of Foreign Affairs held their regular meeting on September 29, 2015, in New York on the margins of this annual session of the United Nations General Assembly stressed the need to continue support to the process of political settlement of the conflict in Syria on the basis of the Geneva communiqué of June 30, 2012.

The Ministers welcomed the efforts to resolve conflicts in Africa led by Africa. They believe that the African Stand-by Force and the African Capacity for Immediate Response to Crises that are being operationalised in the framework of the African Peace and Security Architecture for peace and stability on the African continent.

The Ministers reiterated their deep concern about the situation in Ukraine. They emphasized that there is no military solution to the conflict and that the only way to reconciliation is through inclusive political dialogue. The Ministers called on all parties to comply with all provisions of the Minsk Agreements adopted in February 2015.

Agri Support Measures on the Mat at WTO

WTO members reviewed the agricultural trade policies of some of the world's major traders on 25 September 2015 at a meeting of the Committee on Agriculture – the WTO body that oversees agricultural trade issues. The topics discussed included China's notification of domestic support measures, India's export subsidy and domestic support programmes, and members' implementation of their commitments under the Agreement on Agriculture.

Australia, EU Question Sugar Export Subsidy and Cotton Support in India

Australia and the EU repeated their questions about India's recent increase in its export subsidy for raw sugar at both the federal and state level. In February 2015, India increased the rate of its export subsidy for raw sugar, making the level of subsidy over 25% of the current world benchmark price.

India said the payment is not an export subsidy but part of its product diversification programme. Indian sugar is exported to Sri Lanka, Iraq and the United Arab Emirates.

Colombia and Brazil raised concerns about India's sugar subsidies and urged India to respect the Bali Ministerial Declaration on Export Competition, which states that WTO members "shall exercise utmost restraint with regard to any recourse to all forms of export subsidies and all export measures with equivalent effect".

Separately, the US questioned India on the rise of the minimum support price for cotton.

India said the increase was in response to an increase in the weighted average cost of production, in addition to other factors. The EU and Pakistan also registered their concern with India's cotton policy. The EU asked India about recent press reports suggesting an increase in minimum support price for wheat in the Punjab region. India replied that the support price is fixed by the government of India, not by regional governments.

The US and Australia raised or repeated several questions concerning India's most recent notification for domestic support covering the marketing years 2004-05 to 2010-11 submitted in September 2014. India provided clarification on a number of questions and will provide detailed answers to members electronically.

China – Public Stockholding, Cotton

China responded to questions raised by the United States, the European Union and Canada. The aim of the questions was to clarify the type of domestic support provided by China and the criteria and eligibility for the support programmes, based on the notification China recently submitted on its domestic support programmes for 2009-10 (G/AG/N/CHN/28).

The EU questioned China's increased spending on public stockholding for food security purposes (AG-IMS ID 78055). China explained that government purchases are made at prices reflecting

China was asked by the EU and the US about its cotton policies. China said that support in the cotton sector was intended to guarantee the livelihood of cotton farmers, who mostly live in impoverished border regions, and to contribute to regional stability. China said that its cotton support policies do not affect imports, nor are they linked with the increase in world consumption of polyester.

Sri Lanka – tariff increase for milk powder

Australia and New Zealand raised concerns over Sir Lanka's tariff increase for milk powder (AG-IMS ID 78022). The Sri Lankan government recently adopted a mixed tariff rate equivalent to 70%, although the country's bound tariff rate for milk powder is set at 20% according to its WTO commitments. Sri Lanka explained that the temporary tariff hike is to protect the dairy industry, which supports thousands of low-income farmers and to balance trade. Despite the tariff increase, Sri Lanka said that imports of milk products have increased. In response, Australia and New Zealand and the EU recognized the challenges Sri Lanka faces and expressed appreciation for its efforts to engage in bilateral conversations with its trading partners. They were concerned, however, that the tariff hike had persisted for several years and urged Sri Lanka to find a long term solution to this matter.

Russian Federation – domestic support and wheat export tax

Russia's notification of domestic support measures for 2013 (G/AG/N/RUS/9) prompted Canada, the EU, Australia and Dominican Republic to ask Russia to explain the measures reported under the Green Box (minimally trade distorting subsidies). Russia said that the change was due to its new state agricultural programme, effective from 2013 to 2020. It reassured members that the programmes, including decoupled income support in crop production, support for agricultural income insurance and domestic food aid, are designed in conformity with WTO criteria to ensure that these programmes are minimally trade-distorting.

On a separate matter, the EU asked Russia about a wheat export tax it has reportedly introduced since July 2015 (AG-IMS ID 78021). Russia confirmed the introduction of such export duties on certain grains, asserting that the measure is in conformity with the agreement with the EU and in line with the WTO's agreements.

European Union – change in dairy policies

In response to a question posed by Australia, the European Union updated members on its recent reforms in the dairy sector (AG-IMS ID 78078). The European Commission recently proposed a support package for the dairy sector, adopting more market-oriented approaches in its agricultural policies. Australia, New Zealand and Argentina welcomed the EU's agricultural reforms, including the termination of the milk-quota system in March 2015 and appreciated its restraint in the use of export subsidies in line with the Bali ministerial decision.

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Online Payment Allowed for Imports upto $2k ($10k for Exports)

Sub: Processing and settlement of import and export related payments facilitated by Online Payment Gateway Service Providers

AP(DIR Srs) Cir.16 24.09.2015 (RBI)

Attention of Authorised Dealer Category-I (AD Category-I) banks is invited to the A. P. (DIR Series) Circular No.109 dated June 11, 2013 read with A.P. (DIR Series) Circular No.17 dated November 16, 2010 in terms of which AD Category-I banks have been permitted to offer the facility to repatriate export related remittances by entering into standing arrangements with Online Payment Gateway Service Providers (OPGSPs) in respect of export of goods and services.

2. To facilitate e-commerce, it has been decided to permit AD Category-I banks to offer similar facility of payment for imports by entering into standing arrangements with the OPGSPs. The revised consolidated guidelines on such imports and exports are as under:

General:

2.1 AD Category-I banks desirous of entering into such an arrangement/s should report the details of each such arrangement as and when entered into to the Foreign Exchange Department, Central Office, Reserve Bank of India, Mumbai. For operationalising such arrangements, AD Category-I banks shall:

(i) carry out the due diligence of the OPGSP;

(ii) maintain separate Export and Import Collection accounts in India for each OPGSP;

(iii) satisfy themselves as to the bonafides of the transactions and ensure that the related purpose codes reported to the Reserve Bank are appropriate;

(iv) submit all the relevant information relating to any transaction under such arrangements to the Reserve Bank, as and when advised to do so; and

(v) conduct the reconciliation and audit of the collection accounts on a quarterly basis.

2.2 Foreign entities, desirous of operating as OPGSP, shall open a liaison office in India with the approval of the Reserve Bank before operationalising the arrangement with any AD category-I bank. It would be incumbent upon the OPGSP to:

(i) ensure adherence to the Information Technology Act, 2000 and all other relevant laws/ regulations in force;

(ii) put in place a mechanism for resolution of disputes and redressal of complaints;

(iii) create a Reserve Fund appropriate to its return and refund policy and

(iv) onboard sellers, Indian as well as foreign, following appropriate due diligence procedure.

Resolution of all payment related complaints in India shall remain the responsibility of the OPGSP concerned.

2.3 Domestic entities functioning as intermediaries for electronic payment transactions in terms of the guidelines stipulated by our Department of Payment and Settlement Systems and intending to undertake cross border transactions shall maintain separate accounts for domestic and cross border transactions.

3. Import transactions

(i) The facility shall only be available for import of goods and software (as permitted in the prevalent Foreign Trade Policy) of value not exceeding USD 2,000 (US Dollar Two Thousand) only.

(ii) The balances held in the Import Collection account shall be remitted to the respective overseas exporter's account immediately on receipt of funds from the importer and, in no case, later than two days from the date of credit to the collection account.

(iii) The AD Category –I bank will obtain a copy of invoice and airway bill from the OPGSP containing the name and address of the beneficiary as evidence of import and report the transaction in R-Return under the foreign currency payment head.

(iv) The permitted credits in the OPGSP Import Collection account will be:

a) collection from Indian importers for online purchases from overseas exporters electronically through credit card, debit card and net banking and

b) charge back from the overseas exporters.

(v) The permitted debits in the OPGSP Import Collection account will be:

a) payment to overseas exporters in permitted foreign currency;

b) payment to Indian importers for returns and refunds;

c) payment of commission at rates/frequencies as defined under the contract to the current account of the OPGSP; and

d) bank charges

4. Export transactions

As already notified vide our A. P. (DIR Series) Circular No.109 dated June 11, 2013 and A.P. (DIR Series) Circular No. 17 dated November 16, 2010 referred to earlier:

(i) the facility shall only be available for export of goods and services (as permitted in the prevalent Foreign Trade Policy) of value not exceeding USD 10,000 (US Dollar ten thousand) per transaction.

(ii) AD Category-I banks providing such facilities shall open a NOSTRO collection account for receipt of the export related payments facilitated through such arrangements. Where the exporters availing of this facility are required to open notional accounts with the OPGSP, it shall be ensured that no funds are allowed to be retained in such accounts and all receipts should be automatically swept and pooled into the NOSTRO collection account opened by the AD Category-I bank.

(iii) The balances held in the NOSTRO collection account shall be repatriated to the Export Collection account in India and then credited to the respective exporter's account with a bank in India immediately on receipt of the confirmation from the importer and, in no case, later than seven days from the date of credit to the NOSTRO collection account.

(iv) The permitted debits to the OPGSP Export Collection account maintained in India will be:

a) payment to the respective Indian exporters' accounts;

b) payment of commission at rates/frequencies as defined under the contract to the current account of the OPGSP; and

c) charge back to the overseas importer where the Indian exporter has failed in discharging his obligations under the sale contract.

(v) The only credit permitted in the same OPGSP Export Collection account will be repatriation from the NOSTRO collection accounts electronically.

5. AD Category-I banks may bring the contents of this circular to the notice of their constituents and customers concerned.

6. The directions contained in this circular have been issued under Section 10 (4) and Section 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.

Refund of Safeguard Duties on Export Goods on Brand Rate Drawback Route

Subject: Refund/Claim of Safeguard Duties as Duty Drawback.

23-CBEC 29.09.2015 (DoR)

Attention is invited to the Circular No. 106/95-Cus, dated 11.10.1995 regarding refund/claim of Anti-Dumping Duty leviable under Section 9A of the Custom Tariff Act, 1975 as Duty Drawback.

2. With respect to Safeguard Duties which are leviable under Section 8B or Section 8C of the Customs Tariff Act, 1975 read with Section 12 of the Customs Act, the Board clarifies that these are rebatable as Drawback in terms of Section 75 of the Customs Act. Since Safeguard Duties are not taken into consideration while fixing All Industry Rates of drawback, the drawback of such Safeguard Duties can be claimed under an application for Brand Rate under Rule 6 or Rule 7 of the Customs, Central Excise Duties and Service Tax Drawback Rules, 1995. This would necessarily mean that drawback shall be admissible only where the inputs which suffered Safeguard Duties were actually used in the goods exported as confirmed by the verification conducted for fixation of Brand Rate.

3. Where imported goods subject to Safeguard Duties are exported out of the country as such, then the Drawback payable under Section 74 of the Customs Act would also include the incidence of Safeguard Duties as part of total duties paid, subject to fulfilment of other conditions.

4. Suitable Public Notice for information of Trade and Standing Orders for the guidance of staff may be issued.

F.No. 609/88/2015-DBK

Rupee Denominated Bonds upto $750mn Issue Recognised in ECB

Sub: External Commercial Borrowings (ECB) Policy - Issuance of Rupee denominated bonds overseas

AP(DIR Srs) Cir.17 29.09.2015 (RBI) Attention of Authorized Dealer Category - I (AD Category - I) banks is invited to the provisions contained in A.P. (DIR Series) Circular No. 5 dated August 01, 2005 as amended from time to time on External Commercial Borrowings (ECB).

2. In order to facilitate Rupee denominated borrowing from overseas, it has been decided to put in place a framework for issuance of Rupee denominated bonds overseas within the overarching ECB policy. The broad contours of the framework are as follows:

i. **Eligible borrowers:** Any corporate or body corporate as well as Real Estate Investment Trusts (REITs) and Infrastructure Investment Trusts (InvITs).

ii. **Recognised investors:** Any investor from a Financial Action Task Force (FATF) compliant jurisdiction.

iii. **Maturity:** Minimum maturity period of 5 years.

iv. **All-in-cost:** All in cost should be commensurate with prevailing market conditions.

v. **Amount:** As per extant ECB policy.

vi. **End-uses:** No end-use restrictions except for a negative list.

3. The detailed guidelines for issuance of Rupee denominated bonds overseas are set out in the Annex.

4. All other provisions of extant ECB guidelines regarding reporting requirements (including obtaining Loan Registration Number (LRN) through submission of Form 83 where type of ECB is to be specifically mentioned as borrowing through issuance of Rupee denominated bonds overseas), parking of bond proceeds, security / guarantee for the borrowings, conversion into equity, corporates under investigation, etc., not appearing in the Annex will be applicable for borrowing by issuance of Rupee denominated bonds overseas.

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

6. The directions contained in this circular have been issued under Section 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.

Annex

Issuance of Rupee denominated bonds overseas

SNo.	ECB Parameter	Framework
1.	**Eligibility of borrowers**	Any corporate or body corporate is eligible to issue Rupee denominated bonds overseas. Real Estate Investment Trusts (REITs) and Infrastructure Investment Trusts (InvITs) coming under the regulatory jurisdiction of the Securities and Exchange Board of India are also eligible.
2.	**Type of instrument**	Only plain vanilla bonds issued in a Financial Action Task Force (FATF) compliant financial centres; either placed privately or listed on exchanges as per host country regulations.
3.	**Recognised investors**	Any investor from a FATF compliant jurisdiction. Banks incorporated in India will not have access to these bonds in any manner whatsoever. Indian banks, however, can act as arranger and underwriter. In case of underwriting, holding of Indian banks cannot be more than 5 per cent of the issue size after 6 months of issue. Further, such holding shall be subject to applicable prudential norms.
4.	**Maturity**	Minimum maturity period of 5 years. The call and put option, if any, shall not be exercisable prior to completion of minimum maturity.
5.	**All-in-cost**	The all-in-cost of such borrowings should be commensurate with prevailing market conditions. This will be subject to review based on the experience gained.
6.	**End-uses**	The proceeds can be used for all purposes except for the following: i. Real estate activities other than for development of integrated township / affordable housing projects; ii. Investing in capital market and using the proceeds for equity investment domestically; iii. Activities prohibited as per the foreign direct investment (FDI) guide lines; iv. On-lending to other entities for any of the above objectives; and v. Purchase of land.
7.	**Amount**	Under the automatic route the amount will be equivalent of USD 750 million per annum. Cases beyond this limit will require prior approval of the Reserve Bank.
8.	**Conversion rate**	The foreign currency - Rupee conversion will be at the market rate on the date of settlement for the purpose of transactions undertaken for issue and servicing of the bonds.
9.	**Hedging**	The overseas investors will be eligible to hedge their exposure in Rupee through permitted derivative products with AD Category - I banks in India. The investors can also access the domestic market through branches / subsidiaries of Indian banks abroad or branches of foreign bank with Indian presence on a back to back basis.
10.	**Leverage**	The leverage ratio for the borrowing by financial institutions will be as per the prudential norms, if any, prescribed by the sectoral regulator concerned.

RBI Seeks Views on Merging ECB in General Bank Capital Policy Frame

[RBI Press Release dated 23rd September 2015]

The Reserve Bank of India (RBI) has today placed on its website for comments/feedback, the draft framework on External Commercial Borrowings (ECBs). Comments/ feedback on the draft framework may be e-mailed to or sent by post to the Principal Chief General Manager, Foreign Exchange Department, Reserve Bank of India, Central Office, 11th Floor, Shahid Bhagat Singh Marg, Mumbai-400 001 on or before October 11, 2015.

Background

The basic objective of the extant External Commercial Borrowings (ECB) policy is to supplement domestic capital for creation of capital assets in the country, limited by considerations for capital account management. With this objective in view, the ECB regime has been progressively liberalised over the years, allowing different entities to raise ECB. Within the overarching stance of calibrated approach to the capital account liberalisation, an attempt has now been made to replace the ECB policy with a more rational and liberal framework, keeping in view the evolving domestic as well as global macro-economic and financial conditions, challenges faced in external sector management and the experience gained so far in administering the ECB policy.

Foreign Accounts of Ship/ Airline Manning Agencies

Sub: Opening of foreign currency accounts in India by ship-manning / crew-management agencies

AP(DIR Srs) Cir.15 24.09.2015 (RBI) Attention of Authorised Dealer Category-I (AD Category - I) banks is invited to Regulation 6 of Foreign Exchange Management (Foreign Currency Accounts by a person resident in India) Regulations, 2000 notified vide Notification No. FEMA 10/2000-RB dated May 3, 2000, as amended from time to time, and A.P. (DIR Series) Circular No. 48 dated April 30, 2007, in terms of which general permission is available to ship-manning / crew managing agencies that are rendering services to shipping/airline companies incorporated outside India, to open, hold and maintain non-interest bearing foreign currency account with an AD Category – I bank in India for meeting the local expenses in India of such shipping or airline company.

2. With a view to ensuring strict compliance, our guidelines on the operations in such foreign currency accounts opened with AD Category-I banks by foreign shipping or airline companies or their agents in India are reproduced below:

a. Credits to such foreign currency accounts would be only by way of freight or passage fare collections in India or inward remittances through normal banking channels from the overseas principal. Debits will be towards various local expenses in connection with the management of the ships / crew in the ordinary course of business.

b. No credit facility (fund based or non-fund based) should be granted against security of funds held in such accounts.

c. The bank should meet the prescribed 'reserve requirements' in respect of balances in such accounts.

d. No EEFC facility should be allowed in respect of the remittances received in these accounts.

e. These foreign currency accounts will be maintained only during the validity period of the agreement.

3. AD Category - I banks may bring the contents of this circular to the notice of their constituents and customers concerned.

4. The directions contained in this Circular have been issued under Section 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.

Mumbai Customs on Manual Mode for Registration of Reward Scrips, EDI System not Functional

[Mumbai Customs Public Notice No. 17 dated 28th September 2015]

Subject: Procedure to be followed in case of registration of duty credit Scrips issued under Merchandise Exports from India Scheme (MEIS) and Service Exports from India Scheme (SEIS).

Attention of all Importers/Exporters/CHAs and all concerned is invited to the para 3.01(i) & (ii) of DGFT's Foreign Trade Policy 2015-20 and Customs Notification No. 24/2015 & 25/2015 both dated 08th April 2015 regarding introduction of Merchandise Exports from India Scheme (MEIS) and Service Exports from India Scheme (SEIS) respectively. Due to some technical reasons, the MEIS/SEIS licence cannot be registered in the EDI system (ICES l.5v). Until the EDI module of the MEIS/SEIS scheme is operationalised, following procedure is prescribed for the Manual Registration of Duty Credit Scrips issued under Merchandise Exports from India Scheme (MEIS) and Service Exports from India Scheme (SEIS):

1. The Licence holder/ Authorised representative will present the original licence/scrip including Annexure, alongwith their photocopy and copies of .Bank Realisation Certificate (BRC) to the Licence Section with a request letter for registration of licence/ scrip.

2. The ACAO/Licence Section shall check the Alert Register and if there is no alert, shall endorse "No Alert" with his/her signature and stamp on the original licence/ scrip.

3. Copy of verification of genuineness of scrip, will be downloaded by TA/EA (Licence) from DGFT Website and it will be linked with relevant file, and bring out the facts of cross check / verification, and send file to AO/ Supdt (Licence).

4. Sudpt /Licence shall confirm the genuineness of licences from the verification copy downloaded from the DGFT website. If not available, verification of genuineness of scrip may be obtained from concerned regional DGFT office vide fax.

5. On verification of genuineness of licence/ scrip from DGFT and after obtaining "No Alert", the Licence/ scrip may be registered manually.

6. Tax Asstt. /Executive Asstt. posted in the Licence Section shall enter the particulars of Licence viz. Licence No. and Date, DGFT File No., Notification No., Name of the Licence Holder, IEC No., Duly Credit amount, Licence validity etc. in the Alphabetical Register maintained in the Licence Section.

7. Subsequent to the manual registration of licence, the Licence Holder/Authorised CHA shall present the Bills of Entry filed/Release Advices issued against the MEIS/SEIS licence to the licence section. TA/EA shall make relevant debit/ credit entry in the Licence Register on the basis of debit sheet of the licence. Then he/ she shall forward the Bills of Entry with the Original licence and Licence Register to the Audit clerk. The Audit clerk will put the endorsement on the debit sheet attached to the original licence against the relevant entry and also put his/her endorsement in the licence register.

Difficulties, if any, in implementation, may be brought to the notice of the undersigned.

F. No. S/3-Mise-114/15-16 Lic-ACC

Chartered Engineer Certificate for Valuation of Second Hand Machinery Imports – Mumbai Customs Lists Procedure

[Mumbai Customs Public Notice No. 12 dated 28th August 2015]

Sub: Valuation of Imported Second Hand (Old & Used) Machinery.

Attention of all Importers, Customs Brokers and the Members of the Trade is invited to the Board's Circular No.4/2008-Cus dated 12.02.2008 issued vide F. No.467/34/2006-Cus.V regarding the valuation of imported Second Hand (Old and Used) Machinery.

2. For the purpose of valuation of old and used second hand machinery/capital goods, the importer or his authorized agent shall submit a certificate issued by an independent Chartered Engineer or any equivalent in the country of supply. The certificate should indicate, interalia:

i) Price of new machinery as in the year of its manufacture,

ii) Current CIF value of new machinery if purchased now,

iii) Year of the manufacture of machinery,

iv) Sale price of the supplier,

v) Present condition of the machinery,

vi) Nature of reconditioning or repairs carried out, if any, and the cost (including the dismantling cost, if any, thereof),

vii) Expected life span (Residuary Life) of the machinery.

3. In the absence of the above-mentioned load port certificate, the importer or his authorized agent shall submit such certificate, interalia, indicating the above-mentioned details from any of the Chartered Engineers/Inspection and Certification Agencies recognized by the Ministry of Commerce and enlisted in the Appendix 5 of the Hand Book of Procedures, FTP, 2009-14. In addition to the Chartered Engineers/Inspection and Certification Agencies recognized by the Ministry of Commerce and enlisted in the appendix 5 of the handbook of the procedures 2009-14 as amended, following Chartered Engineers/Inspection and Certification Agencies are currently empanelled/notified for Valuation/Examination of the second hand (old and used) machinery imported at Mumbai Port (Mumbai Customs Zone - I) and J.N.C.H. (Mumbai Customs Zone - II) as per Board Circular No. 4/2008 dated 12.2.2008.

Importers of old and used second hand machinery at Air Cargo Complex, Mumbai may avail the services of any of the above Chartered Engineers/ Inspection and Certification Agencies. It is clari-

Positive and Negative List of Drugs for NOC from Drug Controller Released by Mumbai Customs

[Mumbai Customs Public Notice No. 13 dated 5th September 2015]

Sub: List of Items to be treated as 'Not a Drug' for the Purpose of Seeking NOC from the Office of the Asstt Drug Controller, ACC, Mumbai.

Attention of all Importers, Customs Brokers and the Members of the Trade is invited to the present practice of assessment of drugs/ pharmaceutical products. It is observed that a large number of cases are being referred to the Asstt. Drug Controller's office at Air Cargo Complex, Mumbai for seeking 'No Objection Certificate'.

2. After due deliberations, the office of the Asstt. Drug Controller, Air Cargo Complex, Mumbai has submitted the list of the items which do not need the 'No Objection Certificate' from the office of the Asstt. Drug Controller. The said list is appended to this Public Notice.

3. It is informed that except the following serial numbered items -Nos. 34, 44, 52, 65, 103, 108, 130, 137, 139, 143, 156, 157, 194, 232, 235 of Annexure-I, Nos. A-13, B-5, L-5, M-6, O-8, P-19, T-13, Z-1 of Annexure-II, and Nos. 18 and 21 of Annexure-III of the said list, the remaining items may be considered as NOT A DRUG for the purpose of No Objection Certificate from the office of the Assistant Drug Controller.

4. Any difficulty in implementation of this Public Notice may be brought to the notice of the undersigned.

5. This issues with the approval of the Principal Commissioner of Customs, ACC, Mumbai.

F. No. S/3-Misc-PRO-56 /2015-16 ACC (I)

[See worldtradescanner.com for List in pdf format]

fied that the choice of the Chartered Engineers/ Inspection and Certification Agencies shall totally rest with the importer.

4. The procedure of inspection of the second hand machinery by the local Chartered Engineers shall be as follows:

(i) Importers should appoint any of the listed local Chartered Engineers (CE)/Inspection and Certification Agencies and intimate the AC/DC (Import Shed) accordingly,

(ii) Thereafter, the local CE should seek an appointment from the concerned AC/DC for inspection.

(iii) On receiving such request, the concerned AC/DC will allocate an Appraising Officer/ Superintendent who will supervise the entire inspection process conducted by the local CE,

(iv) Report generated by the local CE, should be countersigned by the concerned Import Shed Appraising Officer/Superintendent who had supervised the inspection process.

5. It may be noted that the assessing group shall only accept those local Chartered Engineer's Certificates which have been attested by the Import Shed's Appraising Officer or Superintendent, as the case may be.

6. Such certificate from the Chartered Engineer, invoice and any other relevant documents and the NIDB data indicating the values of similar goods would be examined by the Assessing Officer and decide whether the declared value can be accepted as transaction value or the declared value merits to be rejected in terms of Rule 12 of the Customs Valuation (Determination of Value of Imported Goods) Rules, 2007 (CVR 2007) and redetermine the value, in terms of the said CVR, 2007.

7. Above procedure should be strictly followed by all importers. Any difficulty in implementation of this Public Notice may be brought to the notice of the undersigned.

[List of notified agencies is available at worldtradescanner.com]

F. No. S/3-Misc-PRO-49/2015-16 ACC(I)

Rupee Gains against South African Rand by 25 paise

95-Cus(NT) 29.09.2015 (DoR) In exercise of the powers conferred by Section 14 of the Customs Act, 1962 (52 of 1962), the Central Board of Excise & Customs hereby makes the following amendments in the Notification of the Central Board of Excise and Customs No. 93/2015-CUSTOMS (N.T.) dated the 17th September, 2015, with effect from 30th September, 2015**,** namely:-

In the SCHEDULE- I of the said Notification, for Serial No. 12 and the entries relating thereto, the following shall be substituted, namely:-

Schedule-I

SNo.	Foreign Currency	Rate of exchange of one unit of foreign currency equivalent to Indian rupees	
(1)	(2)	(3)	
		(a)	(b)
		(For Imported Goods)	(For Export Goods)
12.	South African Rand	4.85	4.55

[F.No468/01/2015-Cus.V]

Service Tax Non Deposit of Rs. 2.94 crs by Chennai Based IT Software Service Detected

[DGCEI, Chennai Press Note dated 22nd September 2015]

Sub: Directorate of Central Excise Intelligence, Chennai Zonal Unit Arrested Director of a Chennai based Limited Company Providing Information Technology Software Services and Internet Communication Services for Failing to Remit the Service Tax Collected to the Government Exchequer.

Officers of the Directorate General of Central Excise Intelligence (DGCEI), Chennai Zonal Unit, Chennai arrested the Director of a Limited Company based at Chennai providing Information Technology Software Service and Internet Communication Service, for collecting Service Tax of Rs.2.94 crores from 2010-2011 to 2014-2015 and not remitting the same to the Government Exchequer.

2. Officers of DGCEI conducted Search at the Office premises of the Service Provider and seized certain documents. Upon perusal of the invoices raised by the Service Provider and other documents it appeared that the Service Provider has charged and collected Service Tax from their clients from 2010-2011 onwards but not credited the Service Tax so collected to the credit of the Central Government in contravention of Section 73(A) of Finance Act 1994. On enquiry, the Director has admitted that their company had collected and not paid service tax liability of Rs. 2.94 crores for the period up to March 2015 towards Information Technology Software services and Internet Telecommunication Services to account of Central Government for more than six months. In addition to that, the Service Provider has not filed statutory returns for the period 2013-14 and 2014-2015 with the department till date.

3. As per Section 89(1)(d) (ii) of the Finance Act, 1994 who ever collects Service Tax in excess of Rs.50 lakhs but fails to credit the same to the Government Account within a period of six months from the day on which such payment becomes due is liable for imprisonment for a term which may be extended to 7 years. Such offences shall be cognizable as per Section 90 of the Act.

4. The Service Provider was therefore arrested yesterday (i.e.on 21/09/2015) under the provisions of Section 91 of the Finance Act, 1994 and was produced before the Hon'ble Additional Chief Metropolitan Magistrate – EO II Court, Chennai who remanded him to Judicial Custody.

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Switzerland – export subsidies

Australia, New Zealand, the EU, Brazil, Argentina, Colombia, Chile, and Costa Rica repeated their concerns over Switzerland's decision to increase its export subsidies. Switzerland said the government's proposal to provide 20 million Swiss francs in additional export subsidies — increasing its outlays by almost a third — was due to exceptional circumstances, in particular the central bank's decision to end the franc's peg to the euro.

Members critical of the move argued that currency fluctuations were no excuse for such a move and that increasing export subsidies ran counter to the Bali Ministerial Declaration on Export Competition, where ministers committed to exercise utmost restraint on all forms of export subsidies.

Outstanding notifications

The Chair reminded members that document G/AG/GEN/86/Rev.22reflects the current status of compliance with notification obligations. He highlighted a few numbers from this report. For the period 1995 to 2013, 9% (54) of notifications in the Market Access series remain outstanding; 35% (685) of notifications on domestic support measures are outstanding; and 33% (732) of export subsidy notifications have still not been received.

The Chair pointed out that the Committee plays an essential role in enhancing transparency of agricultural trade, enabling trading partners to see how rules are implemented. However, transparency can only be achieved when members supply information about their agricultural trade measures in a timely manner. The EU, the US, Russia and Canada urged members that are late with notifications to submit the information soon. The US noted that some countries have already notified for 2013 and 2014, and urged all major agricultural trading members to provide information up to 2012.

Implementing Bali decisions

The committee continued its follow-up work on decisions agreed at the WTO Bali Ministerial Conference. The 2013 Bali Ministerial Declaration on Export Competition requires the committee to host dedicated annual reviews on export competition. A recent review was carried out in the June meeting and the Secretariat circulated an updated version of the background document on 27 July 2015 (G/AG/W/125/Rev.3) concluding the second dedicated discussion exercise. The Chair reminded members that the future of such discussions on export competition will depend on the outcome of the 10th Ministerial Conference in Nairobi.

The Bali Ministerial Conference also adopted a decision specifying how "tariff rate quotas" – a special quota where volumes inside the quota have a lower duty - should be shared among importers when the quota is persistently underfilled. The Chair reminded members that, according to the Bali decision, members need to report information on the fill rate of tariff rate quotas, and they may raise concerns when importing countries do not notify fill rates and when the fill rate notified is below 65%.

RBI Cuts Repo Rate by 50 bps; Keeps CRR at 4%

The Reserve Bank of India (RBI) lowered the benchmark repo rate by 50 basis points to 6.75 percent, while keeping CRR and SLR unchanged at 4 percent and 21.5 percent, respectively. This marks the fourth repo rate cut by the RBI since January 2015. However, it has lowered its FY16 GDP growth target to 7.4 percent from 7.6 percent. It also said the focus should now shift to bringing inflation down to 5 percent by FY17-end.

However, the RBI cautioned that since the third bi-monthly statement of August 2015, global growth has moderated, especially in emerging market economies (EMEs), global trade has deteriorated further and downside risks to growth have increased.

However, there are a lot of questions on the impact of poor monsoon on inflation. The RBI said looking forward, inflation is likely to go up from September for a few months as favourable base effects reverse.

RBI said it expects CPI inflation to average around 5.5 percent in October-December and 5.8 percent in January-March 2016 and finally moderate to 4.8 percent in January-March 2017.

Also, the RBI said Indian corporates can now issue rupee denominated bonds with a minimum maturity of five years at overseas locations within the ceiling of foreign investment permitted in corporate debt.

While India's currency has tumbled with emerging-market peers this year, as a commodity importer it has benefited from the fall in everything from oil to iron, which has pulled down the country's inflation rate.

The move -the biggest cut since the 2009 global recession -could ease tensions with the Finance Ministry, which had advocated for a reduction for months. The Reserve Bank of India is also engaged with the ministry on a reform of the central bank that would establish a monetary policy committee to set rates.

Attention now turns to the degree to which India's banks pass on the rate cut. Lenders have been reluctant to pass on the full force of past reductions, after an increase in non-performing loans. In a positive sign, the largest state-owned bank said it would cut its main lending rate by 0.4 percentage point.

Indian stocks climbed as investors applauded today's news, while the rupee strengthened against the dollar and the yield on the 10-year sovereign bond plunged to a July 2013 low.

Rajan said the January target "is likely to be achieved" and "the focus should now shift to bringing inflation to around 5 percent" by March 2017. The central bank forecast consumer-price inflation at 4.8 percent in the first three months of 2017.

FIEO Hopes for Better Credit Demand after RBI Interest Cut

Commerce Minister Support Interest Rate Subsidy and Tax Breaks to Revive Crashing Exports

S C Ralhan, President, Federation of Indian Export Organisations (FIEO), while commenting on the rate cut by 50 basis points to 6.75%, stated that this would stimulate credit off-take which had fallen to levels of 8.6% from 12.6% in the corresponding period last year.

FIEO chief stated that the dismal policy transmission prompted RBI to appeal to banks and issue draft guidelines that require banks to use the 'marginal cost of funds' method for base rate. The computation which would be implemented only from 1st of April 2016 and even with this a cap on the spread on loans needs to be announced so that the base rate effectively reflects the floor rate.

Gadkari Pushes for Urea Plant in Rs. 1 lakh cr investment in Iran's Chabahar Port SEZ

Industry Objects to Export of Production and Jobs from India

After pledging about Rs 500 crore for developing two existing berths at the Chabahar port off Iran's south-eastern coast, India is now planning to invest over Rs 1 lakh crore for setting up various projects, including a urea plant, at the Chabahar port special economic zone (SEZ) area provided the nation on the Persian Gulf ensures gas at a lower rate.

Gas is a sticky issue with Iran asking for $2.95 per mmBtu, which is nearly double the price of $1.5 per mmBtu demanded by India.

Addressing a press conference here, road transport and highways and shipping minister Nitin Gadkari said India would further negotiate on the gas price after it assessed the potential investment proposals being vetted by various ministries by September 28. The proposed investment in the Chabahar port would also be finalised soon.

The proposed urea plant could be a big gain for India and would reduce its urea import bill. India imports around 8-9 million tonnes of the nitrogenous fertiliser annually. "If the urea plant is set up in Iran, it will result in slashing of urea prices in India by 50% and cut the subsidy on urea, which is roughly Rs 80,000 crore now," Gadkari said.

On the modernisation of the country's 12 major ports, Gadkari said his ministry plans to improve their efficiencies by increasing the level of mechanisation to 80% from 60% now and the average turnaround time to less than 2 days from 4 days now. The cargo handling capacity of the ports would also improve by around 400 MT to 1,230 MT in the next two years.

All the funds on mechanisation would be spent by the ports themselves. In addition to the existing one, four other ports would also equipped to handle cape-size vessels, he said.

China, Australia Struggles with Accession to GPA

One of the biggest possible accessions to the GPA is that of Beijing, which has been under negotiation since 2007. China, with its vast government procurement sector, agreed to join the GPA in its 2001 WTO accession protocol, subject to special negotiations.

The Asian economic giant has already submitted six offers – its initial offer and five revisions – since it began the talks to join the plurilateral pact.

The last revised offer submitted by China was in December 2014, which included changes such as an expansion of coverage of new services sectors and construction services; the expansion of GPA coverage to new procuring entities and procurement in five additional provinces; and lower thresholds for contract coverage that more closely approximate those of the current GPA membership.

Parties reportedly urged Beijing at the latest committee meeting to continue making improvements to its offer, citing concerns over the lack of coverage for certain provinces and state-owned enterprises, among others. China, in turn, indicated that it may take some time for the necessary national conditions to be in place so that it can build on its offer.

Meanwhile, Australia submitted its initial offer for GPA accession in early September, just months after first launching its bid to join the procurement pact.

Seychelles is now the first African country to become an observer of the GPA, with the request approved at last week's meeting. The Indian Ocean archipelago is one of the WTO's newest members, having joined this past April. As part of its commitments at the global trade body, Seychelles agreed to begin talks to join the GPA within 12 months of becoming a WTO member.

Tur and Urad Dal from Burma, Onions from China and Egypt Flow in

The first tranche of 888 MT and 984 MT of Tur Dal has arrived at Chennai Port and JNPT, Mumbai on 23rd September, 2015 and 24th September, 2015 respectively. It is being allocated to States as per their requests. The remaining consignment of 5000 MT of Tur, already ordered for the import, will also be received soon at these two ports.

Bids for importing additional 5000 MT of Tur have also been floated by MMTC. These would be opened on October 1, 2015. While consignment of 5000 MT of Urad Dal from Myanmar will reach at the Chennai and JNPT by 20th October, 2015

Regarding onion, the Committee noted that the arrival of advance crops to the market from Karnataka and Rajasthan has helped in moderating the prices. It was indicated that post Kharif sowing of onions has been good and is expected to lead to improved supply. MMTC informed that the first tranche of onion being imported to improve domestic availability is expected from China and Egypt on October 3, 2015 at JNPT, Mumbai.

Enforcement Directorate under IPS Officer Karnal Singh Cracks Down on Moin Qureshi, Registers Money Laundering Case against Meat Exporter

- CBI Arrests Enforcement Officials at Jt. Director Level
- Case Seems as Retaliation for CBI Action against Enforcement Official in IPL Betting Case

The Enforcement Directorate (ED) has registered a money laundering case against meat exporter Moin Qureshi on 29 September. He is alleged as a conduit for 2G Money. Fingers of suspicion on two former CBI Directors and two Ministers in the erstwhile Congress Government with links to the meat exporter have been raised. With the agency filing the fresh case under the Prevention of Money Laundering Act (PMLA), proceedings against Moin in criminal prosecution. The fresh action is a stronger case since the earlier cases under Foreign Exchange Management Act (FEMA) and Income Tax Act are civil in nature.

The I-T department's charge sheet (also called prosecution complaint) against Qureshi in their alleged tax evasion case in a local court which ground work is being used for PMLA which falls under criminal law.

I-T department shared documents indicating hawala and alleged contravention of forex laws through the hawala route to Dubai, London and few other overseas destinations in Europe.

Moin's assets may be attached as part of the fresh proceedings under money laundering laws. The I-T department, during its probe, had found Moin had 11 bank lockers which were in the names of his employees and associates. Over Rs 11.26 crore in cash and jewellery worth over Rs 8.35 crore were found in these lockers.

Moin is accused of laundering over $100 million across the world through his Pakistani wife Nasreen's blood relatives and business associates.

His wife Nasreen and daughters Pernia and Sylvia Qureshi are alleged to have been used by Qureshi and the French architect Jean Louise Denoit are suspects Qureshi's hawala transactions.

Qureshi is linked former CBI Directors Ranjit Sinha and AP Singh and former Interpol chief Ronald Noble. The Interpol Chief is also good friends of Lalit Modi and his dealings in IPL.

In April this year, Income tax department had handed over dossier to ED, giving details of his foreign accounts and his several hawala routes to amass wealth disproportionate to his income.

Retaliation of CBI Arrest of Enforcement Jt. Director in Ahmedabad

The CBI on 23rd September carried out searches at the Enforcement Directorate's Ahmedabad branch after registering a case of alleged corruption against Joint Director J P Singh, a 2000 batch Indian Revenue Service officer of Customs and Excise wing, on the basis of a complaint received from the Directorate itself which is headed by Karnal Singh, an IPS officer. It is alleged that Rs 15 crore was handed over as bribe to Singh's father-in-law, SKS Somvanshi , a retired IRS officer of 1978 batch, by hawala dealers and tax consultants for giving relief and extending favours to suspects in two cases probed by ED.

The ED's Ahmedabad unit was probing two important cases - Rs 2,000 crore IPL betting scandal and Rs 5,000 crore money laundering case against alleged hawala operator Afroz Fatta in which the suspects allegedly sought favours.CBI carried out searches the ED office in Ahmedabad and residences of Singh and Additional Directors Sanjay Kumar and P S Srinivas, both ED cadre officers in Ahmedabad, and Somvanshi here in Delhi.

Income Tax Department Raids RK Marbles Group, King of Marble Trade

Income Tax department has raided 29 premises of the Kishangarh-based (Ajmer) RK Marble Group in ten cities across India. Department raids were carried at around 30 establishments of company in Udaipur (5 establishments), 5 establishments in Jaipur, one establishment in Rajsamand, Indore and ten establishments in Kishangarh along with those in Delhi and Andhra Pradesh.

The department raided company's offices and marble processing units, offices in Kishangarh in Ajmer district and residences of chairman Ashok Patni and brother Vimal Patni and company's chartered accountant Suresh Agarwal, on Wednesday.

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***See details in www.worldtradescanner.com**

Customs Valuation Exchange Rates

18 September 2015	Imports	Exports
Schedule I [Rate of exchange of one unit of foreign currency equipment to Indian Rupees]		
1 Australian Dollar	48.10	46.85
2 Bahrain Dinar	181.70	171.20
3 Canadian Dollar	50.80	49.70
4 Danish Kroner	10.20	9.95
5 EURO	76.10	74.25
6 Hong Kong Dollar	8.65	8.50
7 Kuwaiti Dinar	226.80	214.25
8 New Zealand Dollar	42.90	41.60
9 Norwegian Kroner	8.25	8.05
10 Pound Sterling	103.25	101.00
11 Singapore Dollar	47.95	47.00
12 South African Rand	4.85*	4.55*
13 South Arabian Riyal	18.25	17.25
14 Swedish Kroner	8.10	7.90
15 Swiss Franc	69.30	67.50
16 UAE Dirham	18.65	17.60
17 U.S. Dollar	67.05	66.00
Schedule II [Rate of exchange of 100 units of foreign currency equivalent to Indian rupees]		
1 Japanese Yen	55.95	54.75
2 Kenyan Shilling	64.75	61.20

***w.e.f. 30th September 2015**

(Source: Customs Notification 93(NT)/17.09.2015)

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