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Modi Rocks NRIs at Madison Square, Toes the US Line at UN Assembly

Prime Minister embarked on his five-day visit to USA, on September 25-30 2014. This was the first visit of Narendra Modi as the Prime Minister of India, the ostensible purpose is to go through the annual ritual of the UN General Assembly where 120 Heads of State speak on global issues ranging from ISIS to Ukraine and Ebola virus. It was his first meeting with US President Barack Obama.

Around 20,000 Indian-Americans listened in to the Indian leader at the Madison Square Garden, the known for celebrity rock stars and singers performing on its grand stage. The speech was beamed live on giant screens at Time Square, the pulsating heart of Manhattan which is frequented by thousands of people every day.

The US Senate has designated September 30 as the day of India-US Partnership, which has coincided with the day Prime Minister Modi will meet President Obama in Washington on 30 Sept in the evening for full spectrum talk. Modi was on Navratra fast at the special dinner meeting on 29th. Obama too shunned food at the event. Michele Obama did not attend the dinner meeting but all notables in the Obama administration did. Modi leaned on Gandhi to present his Gita to Obama. The two countries issues a document on walking together “Chalein Saath Saath”.

India warms up to Israel

The India-US relationship, transformed after the path-breaking civil nuclear deal of 2008, converting the hitherto estranged democracies into engaged democracies. While the nuclear deal, also called the 123 agreement, remains a work in progress. Modi went further on this by warming up to Israel PM Netanyahu, long time US ally. India’s relations with the Muslim countries have cooled off specially after the destruction of the Babri Mosque in 1991. This time round, none sought Modi’s company. Even the normal meet with Pak PM Nawaz Sharif on the side-lines did not take place. Pak focussed on Kashmir while India spoke of flood relief in the region. Modi held forth on terrorism and the risk of Islamic states in Syria-Iraq. This agenda is to the liking of the US which is otherwise miffed with India on going back on the TF deal at Bali.

Modi Meets Business, Assures Stability and Predictability

Prime Minister Modi’s interaction with top American CEOs, separately in New York and Washington assured them of stable tax regime with no retrospective amendments to the law. FDI cap in the insurance sector has already been raised to 49 per cent. The defence sector has also been opened up to foreign investment but only upto 40% FDI.

The US used to be India’s largest trading partner but China has taken the position. The two sides are looking to multiply bilateral trade five-fold to $500 billion. The trade balance is in India’s favour. The US is already the fifth largest source of foreign direct investments into India, with cumulative FDI inflows from the US from April 2000 to March 2014 amounting to about $ 11.92 billion. Indian companies have invested over US $ 17 billion in the US in the last few years.

Defence-India Co-opted for Global Policing

Deference sides signed a Joint Declaration on Defence Cooperation, which envisages qualitatively upgrading the defence relationship by simplifying technology transfer policies and exploring possibilities of co-development and co-production of defence systems. The two sides are expected to renew their defence framework agreement during the forthcoming visit. (The US expects India to take up the onerous task of global policing on the strength of the 1mn plus military now around with the C-17 to reach forces anywhere in the world at short notice).

Against the backdrop of the unfolding transition in Afghanistan and the proliferation of terrorist threats in Iraq and the Middle East, counter-terror and security coopera-

Visa on Arrival India to Americans but Browns Must Stand in Line at Chanakyapuri!

PIO to Merge in OCI

Modi’s announcement of plans to issue a “visa on arrival” for U.S. tourists and merge identification documents for non-resident Indians into a single category.

Under the new rules being considered, a person of Indian origin will get a lifelong visa for India, Modi said. The so-called PIO card will eventually be combined with the Overseas Citizen of India or OCI document, removing differences between the way groups of non-resident Indians were categorized and issued visas, he said.

Thus Modi has deriated from the international rule of reciprocity. Indians have to wait in line at the embassies for visas, specially when they go out for temporary work in IT industry. Relations of US resident must wait for years before uniting with the family. Similarly, permanent visas to NRIs will open the door to the tax dodgers and fugitives from law who take on multiple citizenship and resident ships to get past the law and evade the claims of local economy.

India Diaspora

Indian Americans, numbering about 2.8 million in the U.S., or almost 1 percent of its population, are one of the country’s fastest-growing ethnic groups, according to Census Bureau data. The median household income of Indian Americans is $88,000, compared with $66,000 for other Asians, the organizer IACF said in a statement.

tion are expected to get a boost in the forthcoming talks. This was reflected in the symbolic visit of Mr Modi to Ground Zero, the site of the World Trade Centre in New York which was targeted by barbaric terror strikes on September 11, 2001 and the newly-inaugurated 9/11 Museum and Memorial.

With 36 bilateral dialogue mechanisms straddling diverse areas and a growing convergence of interests across the arc of the globe spanning from Africa to Afghanistan, this is the turning point for the multi-faceted India-US relations.

Achche Din Agenda for Exporters

Working Paper No. 3/2014-DEA

India's Merchandise Exports: Some Important Issues and Policy Suggestions

Dr. H.A.C. Prasad, Dr. R. Sathish, Salam Shyamsunder Singh

August 2014, Department of Economic Affairs, Ministry of Finance, Govt. of India

The paper prepared by Dr HAC Prasad, Senior Economic Adviser, Ministry of Finance has valuable suggestions in the compilation and analysis of day-to-day problems encountered by exporters and importers. The much awaited five year Foreign Trade Policy 2014-19 is round the corner. It can draw easily from the Prasad – Sathish – SS Singh report. The problem listed in the report have deep roots developed over the decades of the licence permit raj. The mere listing of these in the report should set the action agenda of the new Modi Government at the Centre.

To cite an example of the toughness of the problems in trade policy, Red Sanders value added products can be exported, but customs make vigorous checks of these products from policy and environment angles before permitting exports. The high priced Red Sanders wood logs exports are banned but exporters manage to slip them out of the country by so called value added products such as wood chip as a handicraft or utility item to mainly China. Seized stocks of Red Sanders from smugglers are also a problem. State Government auction the stock to defeat the original purpose of trade control. India has a monopoly on the wood. It should exploit the scarcity in the world market but it should also conserve the item. There is no easy solution in sight.

Nearly forty Export Promotion Councils are more than redundant today. With almost every information of export and import available at the click of a button, even pressing a wrong internet button also these days disseminate information! The book suggests revamping export promotion schemes, combining commodity boards and merging some EPCs. A welcome suggestion indeed which will lead to better allocation of public funds.

Certain government schemes aim at accelerating exports but in fact decelerate exports because of the burden of rules and regulations impeding the export efforts. For example, against advance authorisation licences exporters meet numerous problems. Customs do not permit deletion, additions of even clerical errors committed on AA schemes even though specific Section 149 of Customs Act 1962 spells out the need for allowing such amendments/corrections. Various suggestions for removing such bottlenecks are worth considering in the new FTP. This is specially so since AA is the main instrument for Modi's "Make in India" campaign.

It is not clear how Arecanuts being imported from Nepal are under duty concession. This Himalayan country does not have any commercially viable arecanut plantations or farms. Nepal is not an Arecanut growing country. Only Catechu trees are available at border points The suggestion to look into illegal imports of Arecanuts from Nepal is a valid one as there is circumvention of origin in the import trade.

The suggestion that the safeguard duty on Carbon Black when imported under AA scheme should be done away with, is good. But it should be done not only carbon black but for all inputs imported under AA Schemes or any other similar export promotion schemes.

Many suggestions relating to transaction cost in the paper should be carefully looked into as it can help exporters and importers to substantially reduce the costs and make them competitive in the international market.

The ease of doing business index at page 28 of this paper should be an eye-opener for the government The conclusion is that radical changes in the Government set up and procedures is in escapable.

New notifications or operating procedure irritate exporters. There is need for full consultation on these before issue. We should move away from the culture of secrecy. A good suggestion is amendments/clarifications should be available on line from DGFT.

For ages, the LCL shipments issue has not been sorted out. Exporters wait patiently for the LCL containers to be loaded onto the vessels. The solution is that all shipping companies must be advised to accept all LCL cargoes mandatorily. The LCL issue is also relevant for imports. MSME can afford only LCL and Government should help them.

The examples given highlighting discrimination of FTA/RTA countries have to be seriously looked into. If these suggestions are accepted, discriminations removed, the purpose and meaning of such agreements with those countries can be fulfilled.

The requirements of the leather industry are well met but there is still primitive tanning method exists in this industry viz., bark tanning. In India babul is widely used, felling babul trees is against policy of protecting green forests. Instead Government should permit zero duty or just 5% import duty on wattle bark import which was the practice four decades back. India is a net importer of cartel based export of wattle extracts. There is no factory which produces wattle extracts in India. Of the two which came up after Independence, one is already closed and the other is in a financial mess. The anomaly of high incidence of import duty on wattle bark and very low customs duty on wattle extracts should be removed. Other ideas of leather industry in the Prasad Report will go a long-way to alleviate this industry's woes, ultimately lead to increase in exports.

The suggestions in the report will help PM Modi's "Make in India" campaign successful. Their adoption bring *Achche Din* for exporters and importers. A well done paper by Dr. Prasad and his team, Congratulations.

Tailpiece: The paper looks at traditional items in trade like tea, coffee, textiles etc. However, new items like plastic products, electronic goods, pharma goods, technical textiles and value added commodities like iron ore pellets have entered the export basket. The next version of the paper may cover these.

Further, another paper on import trade on these lines is required.

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India Ranks Very Low in Ease of Doing Business, In Mid Position for Innovation and Competitiveness

India fell to 134 of 189 economies in the World Bank's Ease of Doing Business index, from 131 last year. It's ranked 76th of 143 nations in the Global Innovation Index 2014, published by Cornell University, and 71 of 144 in the World Economic Forum's Global Competitiveness Report, behind Brazil and Vietnam.

Modi Promises Policy Clarifications within 72 Hours!

The initiative includes the creation of a website through which companies can seek policy clarifications within 72 hours. Modi will also release separate brochures for 25 sectors including automobiles, pharmaceuticals and ports in which India has the potential to become a "world leader". (ABS has a set of 25 brochures which weigh three kilos. Multi colour printing on 300 gsm paper, the publications are full of graphics with emphasis on the Lion. Facts and figures are mostly projections and wish lists put together in a hurry with little or no research. No businessman worth his salt will ever rely on such half baked material for investment).

Modi Faux Pas

Modi refers to PoK as 'Pakistan' when referring to flood relief measures in Kashmir. (The UNGA speech was extempore in typical Modi style. Had he used a written text, the faux pas would not have happened. Similarly, he referred Gandhi as Mohanlal Karamchand Gandhi instead of Mohandas Karamchand Gandhi. The Paks and Congress opposition leaders are grinning on the Modi faux pas.

WEEKLY INDEX OF CHANGES

Only Rice and Wheat Import Restricted, other Cereal including Maize, Barley, Oats and Sorghum Freed

High Duty of 50% Plus Continues

Subject: Revision in Import Policy for some primary agricultural commodities appearing in Chapter 10 of ITC(HS), 2012, Schedule 1 (Import Policy).

93-Ntfn(RE) 29.09.2014 (DGFT) In exercise of powers conferred under Section 3 of the Foreign Trade (Development and Regulation) Act, 1992 read with paragraph 2.1 of the Foreign Trade Policy, 2009-2014, as amended from time to time, the Central Government hereby makes the following amendments in Import Policy of Chapter 10 of ITC (HS) 2012, Schedule 1 (Import Policy):

Exim Code	Item Description	Existing		Revised
		Policy	Policy Conditions	Policy
1001 99 20	**Meslin**	State Trading Enterprise	Import allowed through FCI subject to Para 2.11 of FTP.	Free
1002	**RYE**			
1002 90 00	Other	State Trading Enterprise	Import allowed through FCI subject to Para 2.11 of FTP.	Free
1004	**OATS**			
1004 90 00	Other	State Trading Enterprise	Import allowed through FCI subject to Para 2.11 of FTP.	Free
1005	**MAIZE (CORN)**			
1005 90 00	Other	State Trading Enterprise	Import allowed through FCI subject to Para 2.11 of FTP.	Free
1007	**GRAIN SORGHUM**			
1007 90 00	Other	State Trading Enterprise	Import allowed through FCI subject to Para 2.11 of FTP.	Free
1008	**BUCKWHEAT, MILLET AND CANARY SEEDS; OTHER CEREALS**			
1008 10	**Buckwheat:**			
1008 10 90	Other	State Trading Enterprise	Import allowed through FCI subject to Para 2.11 of FTP.	Free
1008 29	**Other:**			
1008 29 10	Jawar	State Trading Enterprise	Import allowed through FCI subject to Para 2.11 of FTP.	Free
1008 29 20	Bajra	State Trading Enterprise	Import allowed through FCI subject to Para 2.11 of FTP.	Free
1008 29 30	Ragi	State Trading Enterprise	Import allowed through FCI subject to Para 2.11 of FTP.	Free
1008 30	**Canary seeds:**			
1008 40 00	Fonio (Digitaria spp.)	State Trading Enterprise	Import allowed through FCI subject to Para 2.11 of FTP.	Free
1008 50 00	Quinoa (Chenopodium quinoa)	State Trading Enterprise	Import allowed through FCI subject to Para 2.11 of FTP.	Free
1008 60 00	Triticale	State Trading Enterprise	Import allowed through FCI subject to Para 2.11 of FTP.	Free
1008 90	**Other cereals:**			
1008 90 90	Other	State Trading Enterprise	Import allowed through FCI subject to Para 2.11 of FTP.	Free

3. Effect of this Notification

The import policy for the agricultural items as listed in para 2 above have been revised from "State Trading Enterprises" to "Free".

Zero Duty on Pulses except Chickpeas Import Extended upto 1 April 2015; Chickpeas Duty Free Exemption only Till 1 January 2015

Ntfn 29 25.09.2014 (DoR) In exercise of the powers conferred by sub-section (1) of section 25 of the Customs Act, 1962 (52 of 1962), the Central Government, being satisfied that it is necessary in the public interest so to do, hereby makes the following further amendments in the notification of the Government of India, in the Ministry of Finance (Department of Revenue), **No. 12/2012-Customs, dated the 17th March, 2012**, published in the Gazette of India, Extraordinary, Part II, Section 3, Sub-section (i) *vide* number G.S.R. 185(E), dated the 17th March, 2012, namely:-

In the said notification,-

(A) in the Table,-

(i) against **serial number 21**, -

(a) in column (2), for the figures "0713", the figures and word "0713 except 0713 20 00" shall be substituted;

(b) in column (3), for the word "Pulses", the words and brackets "Pulses except chickpeas (garbanzos)" shall be substituted;

(ii) after **serial number 21** and the entries relating thereto, the following serial number and the entries shall be **inserted**, namely:-

"21A	0713 20 00	Chickpeas (garbanzos)	Nil	-	-";

(B) after the Table, in the proviso,-

(i) in clause (a), for the figures, letters and words "1st day of October, 2014", the figures, letters and words "1st day of April, 2015" shall be substituted;

(ii) after **clause (a)**, the following clause shall be **inserted**, namely,-

"(ab) the goods specified against serial number 21A of the said Table on or after the 1st day of January, 2015;".

[F.No. 354/15/2010-TRU]

Currency Paper Import only thru Security Press NOC

Subject: Import of Currency Paper and Security Printing Paper; conditions thereof:

94-Ntfn(RE) 29.09.2014 (DGFT) In exercise of powers conferred by Section 3 read with paragraph 1.3 of the Foreign Trade Policy, 2009-2014, the Central Government hereby amends the Policy Condition No.1 and 3 of Chapter 48 of ITC(HS), 2012, Schedule 1 (Import Policy) as under:-

2. Existing Policy Condition No. 1 and 3 of Chapter 48 is as under:

(1) The conditions for import of currency paper (water-mark bank note paper) are as follows:

(i) Import of Water-mark Bank Note Paper may be made, without an import licence, by the Note Printing Presses of the Government of India, namely, Currency Note Press, Nasik; Bank Note Press, Dewas; Bharatiya Reserve Bank Note Mudran Ltd., Mysore; Bharatiya Reserve Bank Note Mudran Pvt. Ltd., Salboni and Bharatiya Reserve Bank Note Mudran Ltd., Bangalore subject to Actual User Condition on a specific letter of approval from the Ministry of Finance (Department of Economic Affairs), Government of India for the import. The letter of approval of the Ministry of Finance should be submitted to the Customs for clearance of the import.

(3) The conditions for import of Security Printing Paper are as follows:

(i) Import of Security Printing Paper may be made without an import license by India Security Press, Nasik and Security Paper Press, Hyderabad subject to actual user condition on specific letter of approval from the Ministry of Finance (Department of Economic Affairs), Government of India for the import. The letter of approval of Ministry of Finance should be submitted to the Customs for clearance of the import.

3. After amendment, Policy Condition No.1 and 3 of Chapter 48 would read as under:

(1) The conditions for import of currency paper (water-mark bank note paper) are as follows:

(i) Import of Water-mark Bank Note Paper may be made, without an import licence, by the Note Printing Presses of the Government of India, namely, Currency Note Press, Nasik; Bank Note Press, Dewas both units of Security Printing and Minting Corporation of India Limited (SPMCIL); Bharatiya Reserve Bank Note Mudran Ltd.(BRBNMPL) units in Mysore, Salboni and Bangalore, subject to submission of a certificate of import from the Head of units and with actual user condition.

(3) The conditions for import of Security Printing Paper are as follows:

(i) Import of Security Printing Paper may be made without an import licence by India Security Press, Nasik and Security Paper Press, Hyderabad both units of Security Printing and Minting Corporation of India Limited (SPMCIL) subject to submission of a certificate of import from the Head of units and with actual user condition.

Effect of the Notification

Requirement of a specific approval letter from M/o Finance for import of Currency Note Paper/ Security Printing Paper has been dispensed with, subject to submission of a certificate of import from the head of the Units of SPMCIL and BRBNMPL to Customs, for clearance of such imports and subject to Actual User condition.

Traders Allowed to Export Kudremukh Iron Ore Pellets

Subject: Amendment in export policy of iron ore pellets manufactured by KIOCL.

92-Ntfn(RE) 26.09.2014 (DGFT) In exercise of the powers conferred by Section 5 of the Foreign Trade (Development & Regulation) Act, 1992 (No.22 of 1992) read with Para 1.3 of the Foreign Trade Policy, 2009-2014, the Central Government, with immediate effect, hereby makes the following amendments in Sl. No. 104 of Chapter 26 of Schedule 2 of ITC(HS) Classification of Export and Import Items.

2. Existing entry

S.No.	Tariff Item HS Code	Unit	Item Description	Export Policy	Nature of Restriction
104	26011210	Kg	Iron ore pellets manufactured by Kudremukh Iron Ore Limited Company	STE	Kudremukh Iron Ore Company Limited, Bangalore

Amended entry

S.No.	Tariff Item HS Code	Unit	Item Description	Export Policy	Nature of Restriction
104	26011210	Kg	Iron ore pellets manufactured by KIOCL Limited	Free	Export by KIOCL Limited, Bangalore or any entity authorized by KIOCL Limited, Bangalore

3. Effect of this notification

KIOCL Limited (formerly known as Kudremukh Iron Ore Company Limited) has been permitted to export its own manufactured iron ore pellets either by itself or through any entity authorized by them for the purpose.

Customs PRO Turn into "Help Desks" for Passengers

[F.No. 450/148/2014-Cus.IV dated 19th September 2014]

Subject: Passengers Facilitation at International Airports.

The Board attaches great importance to facilitation of passengers at international airports. It is also well known that international passengers form an opinion of our country from the way they are treated by the Customs officers. Therefore, there needs to be a renewed emphasis on improving the efficiency of our Customs officers as well as their behavior towards international passengers Considering all these aspects, the following instructions are issued:-

(i) Training and exposure to modern methods of developing soft skills would certainly improve the manner in which a Customs officer interacts with international passengers. This would ensure a higher level of passenger facilitation as well as create a good image of the Department and of our country. Therefore, besides close monitoring by the supervisory officers, training of the Customs officers posted at international airports has to be given importance. Hence, the Board has decided that the Chief Commissioners of Customs with international airports in their charge shall ensure that every Customs officer newly posted at the international airports mandatorily undergoes a training in the relevant rules and regulations as well as in the manner of dealing with international passengers. The emphasis should be on sensitizing the Customs officers to deal with all arriving passengers and especially international passengers in a polite, professional and pro-active facilitative manner. These training programmes should be repeated on 6-monthly intervals. Since multiple agencies function at international airports, it would also be useful to coordinate interactive sessions involving officials of other agencies so that collectively a good impression is made on international passengers. The Chief Commissioner of Customs should coordinate these training programmes with NACEN, but should also take initiative to organize in-house programmes.

(ii) Another measure that would assist international passengers and in turn create a good image of the Department and our country would be through "Help Desks". Admittedly, PROs perform this function today, but it is important to publicize this facility. Since the public is largely attuned to "Help Desks" we need to use this term. Thus, the Board desires that the Customs should set up a "Help Desk" in a prominent place immediately after immigration in the arrival hall and similarly in the departure hall of international airports. There should also be a signboard to guide the international passengers to the "Help Desk". Needless to state, the Customs officers(s) manning the "Help Desk" should be properly selected and must have in his/her possession required forms and information to guide international passengers.

Flexible Slabstock Polyol Anti-dumping Duty Extended by One More Year to 30 Aug 2015

Ntfn 42-ADD 25.09.2014 (DoR) Whereas, the designated authority *vide* notification No. 15/18/2014-DGAD, dated the 28th August, 2014, published in the Gazette of India, Extraordinary, Part I, Section 1, dated the 28th August, 2014, has initiated review, in terms of sub-section (5) of section 9A of the Customs Tariff Act, 1975 (51 of 1975) (hereinafter referred to as the Customs Tariff Act),and in pursuance of rule 23 of the Customs Tariff (Identification, Assessment and Collection of Anti-dumping Duty on Dumped Articles and for Determination of Injury) Rules, 1995 (hereinafter referred to as the said rules), in the matter of continuation of anti-dumping duty on "Flexible Slabstock Polyol", falling under subheading 3907 20 of the First Schedule to the Customs Tariff Act, originating in, or exported from, the People's Republic of China, Republic of Korea and Chinese Taipei imposed *vide* notification of the Government of India, in the Ministry of Finance (Department of Revenue), No. 89/2009-Customs, dated the 31st August, 2009, published in the Gazette of India, Extraordinary, Part II, Section 3, Sub-section (i) *vide* number G.S.R. 621 (E), dated the 31st August, 2009, 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.

Now, therefore, in exercise of the powers conferred by sub-sections (1) and (5) of section 9A of the Customs Tariff Act and in pursuance of rule 23 of the said rules, the Central Government hereby makes the following amendment in the notification of the Government of India, in the Ministry of Finance (Department of Revenue), No. 89/2009-Customs, dated the 31st August, 2009, published in the Gazette of India, Extraordinary, Part II, Section 3, Sub-section (i) *vide* number G.S.R. 621 (E), dated 31st August, 2009, namely: -

In the said notification, after paragraph 2 and before the Explanation, the following paragraph shall be inserted, namely: -

"3. Notwithstanding anything contained in paragraph 2, this notification shall remain in force up to and inclusive of the 30th day of August, 2015, unless revoked earlier."

[F.No.354/148/2003-TRU (Pt.-I)]

2. The Board desires that immediate action may be taken on institutionalizing the aforementioned training programmes as well as establishing the "Help Desk". The Board expected that these steps would enhance passenger facilitation as well as create a good image of the Department and our country. A compliance report would be appreciated. Difficulty in this regard, if any, may be informed though Board expects the Chief Commissioners of Customs would smoothly implement these instructions.

DG Safeguards Initiates Investigation on Stainless Steel CR Sheets on Jindal Complaint

[Safeguard Initiation Notice No. D-22011/17/2014 dated 19th September 2014]

Sub: Initiation of safeguard investigation concerning imports of Cold Rolled Flat Products of Stainless Steel of chromium type, 400 series encompassing all Martensitic and Ferritic grades as per ASTM A 240/A240 M and equivalent/ comparable specifications in other standards like UNS, IS, Chinese DIN, JIS, BIS, EN etc.", excluding (i) width 1700mm and above and (ii) JBS (Jindal Blade Steel) grade and its equivalent into India.

An application has been filed before me under Rule 5 of the Customs Tariff (Identification and Assessment of Safeguard Duty) Rules, 1997 by M/s. Jindal Stainless Limited, Jindal Centre, 12 Bikaji Cama Place, New Delhi-110066 through his consultant M/s. TPM Solicitors & Consultants, New Delhi for imposition of Safeguard Duty on imports of "Cold Rolled Flat Products of Stainless Steel of chromium type, 400 series encompassing all Martensitic and Ferritic grades as per ASTM A 240/A240 M and equivalent/ comparable specifications in other standards like UNS, IS, Chinese DIN, JIS, **BIS,** EN etc.", excluding (i) width 1700mm and above and (ii) JBS (Jindal Blade Steel) grade and its equivalent into India hereinafter referred to as 'PUC' (Product under consideration) into India to protect the domestic producers of 'PUC' against serious injury/threat of serious injury caused by the increased imports of 'PUC' into India. The 'PUC' is being imported falling under subheading 1975 under sub-headings 72193112, 72193111, 72193210, 72193310, 72193410, 72193510, 72202021 and 72209021 of the Customs Tariff Act 1975. The classification is however indicative only and in no way binding on the scope of the present investigations.

2. Domestic Industry

M/s. Jindal Stainless Limited, Jindal Centre, 12 Bikaji Cama Place, New Delhi-110066, claimed that his production account for more than 85% of the total production of 'PUC' in the country & represent a major proportion of the Indian production of 'PUC' in the country and thus have the standing to file the present petition.

3. Product Involved

The product under consideration is "Cold Rolled Flat Products of Stainless Steel of chromium type, 400 series encompassing all Martensitic and Ferritic grades as per ASTM A 240/A240 M and equivalent/ comparable specifications in other standards like UNS, IS, Chinese DIN, JIS, BIS, EN etc.", excluding (i) width 1700mm and above and (ii) JBS (Jindal Blade Steel) grade and its equivalent.

The 'PUC' are mainly used for the manufacture of white consumer goods, processed equipment, dairy equipment, automotive components, rail carts, metro coaches, architecture. building and construction, etc.

4. Period of Investigation (POI)

The applicant for the purpose of the present application has considered the data for four years period. The applicant has submitted all the data from 2011-12 to 2014-15 (April to June 2014). The period for investigation selected is 2011-12 to 2014-15 (Annualised) which is long enough in order to take into consideration the market conditions and to ascertain the need of imposition of Safeguard Duty.

5. Source of information

The import data for the 'PUC' has been taken from Cybex, Noida (Transaction wise) from 2011-12 to 2014-15 (April to June 2014) and same has been taken into consideration for analysis. The domestic data from 2011-12 to 2013-14 (Till January 2014) has been submitted by the domestic industry and the same has been verified by on-site visit by the department on the basis of excise records to the extent deemed necessary. The domestic data for February 2014 to June 2014 has been provided by the DI, duly certified, which was verified on the basis of excise records and the verified data has been taken into consideration for injury analysis.

6. Increased Imports (Absolute & in relative terms)

'PUC' are imported into India from a number of countries, and primarily from Japan, Korea, China, EU, USA **and Mexico.** The imports of 'PUC' have shown an increasing trend in absolute terms as well as in relative terms. The imports of 'PUC' during the financial year is 2011-12 to 2014-15 (Annualised) remained as under:

6(a) Increased imports in absolute terms:

2011-12	2012-13	2013-14	2014-15 (upto June 2014)	2014-15 (Annualised)
64,889	87,051	87,178	25,925	103700
100	134	134	-	160

The Imports have increased from 64,889 MT in 2011-12 to 103700 MT in 2014-15 (Annualised) which shows an increasing trend both in absolute terms as compared to base year and with preceding year i.e. 2013-14 and from base year in relative terms.

Excise Duty to be Charged on Sales Tax Collected but not Paid

[F.No. 6/8/2014-CX.1 dated 17th September 2014]

Sub: Instructions in light of Judgment of Hon'ble Supreme Court on Sales Tax Incentive Scheme.

Kind attention is invited to the judgment of Hon'ble Supreme Court in case of M/s Super Synotex India Ltd. [2014-TIOL-19-SC-CX] on the issue of abatement of sales tax under an abatement scheme where the assesse was allowed to retain 75% of the sales tax collected from the buyer and was required to deposit only the remaining 25% with the State Government. Under the circumstances, Hon'ble Court held that after 01.07.2000 i.e. under the transaction value regime, 75% of the sales tax retained by the assesse would form part of the assessable value, stating as follows in the paragraph 22,

"*The amount paid or payable to the State Government towards sales tax, VAT, etc. is excluded because it is not an amount paid to the manufacturer towards the price, but an amount paid or payable to the State Government for sale transaction, i.e. transfer of title from the manufacturer to a third party. Accordingly, the amount paid to the State Government is only excludible from the transaction value. What is not payable or to be paid as sales tax/VAT, should not be charged from the third customer/party but if it is charged and is not payable or paid, it is a part and should not be excluded from the transaction value. This is the position after the amendment, for as per the amended provisions the words "transaction value" mean payment made on actual basis or actually paid by the assesse. The words that gain significance are "actually paid".*"

2) For further details the judgment may kindly be referred. This is an important judgment on the issue and may be brought to the notice of the trade and the assessing officers for finalisation of similar cases. Hindi version will follow. Difficulty, if any, in the implementation of the instruction may be brought to the notice of the Board.

6(b) Imports in relation to Production:

During the period 2011-12 to 2014-15 (Annualised) the market percentage of import in relation to production has increased from 81% to 94% as evident from the following details:

Financial Year	Total Imports (MT)	All India Production (MT)	% of import with respect to production
2011-12	64,889	79,857	81
2012-13	87,051	97,140	90
2013-14	87,178	1,08,829	80
2014-15 (Annualised)	1,03,700	1,10,100	94

7. Serious Injury

The applicant have claimed that the increased imports of 'PUC' have caused and are threatening to cause serious injury to the domestic producers of 'PUC' as indicated by the following factors:

(a) Production: The production of the domestic industry increased in 2014-15 as compared to the base

year 2011-12, from. 67,876 MT in 2011-12 to 97,350 MT in 2014-15 (Annualised).

Year	Qty(MT)	Indexed
2011-12	67,876	100
2012-13	83,240	123
2013-14	94,929	140
2014-15 (Q1 Annualised)	97,350	143

(b) Share of domestic producers in domestic demand: Market share of domestic producers has fallen in the most recent period. Applicants had a market share of 45% in 2011-12 which fell to 43% during 2014-15 (Annualised). During the same period, the market share of import increased from 46% in 2011-12 to 50% in 2014-15 (Annualised).

Financial Year	Total Import (MT)	Sales of DI (MT)	Sales of other Indian Producers (MT)	Total Demand (MT)	Market Share (%)	
					DI	Import
2011-12	64,889	63,729	11,981	141,014	45	46
2012-13	87,051	75,391	13,900	176,827	43	49
2013-14	87,178	81,344	13,900	183,102	44	48
2014-15 (Annualised)	1,03,700	89,672	12,750	206,478	43	50

(c) Changes in the level of Sales :- The sales of the domestic industry increased from 63,729 MT in 2011-12 to 89,672 MT in 2014-15 (Annualised) i.e. in indexed points the increase is from 100 to 141, but during the same period the increase in demand is from 100 to 146 indexed points as shown in the above table.

(d) Profit/loss - The profitability of the domestic industry has steeply deteriorated to such a situation that the domestic industry is now suffering financial losses. This is shown in the table below:-

Financial Year	Profitability (Rs. / MT) (Indexed)
2011-12	-100
2012-13	-315
2013-14	-953
2014-15 (Q1)	-957

8. Productivity

During the period 2011-12 to 2014-15 (Q1), the productivity has increased on indexed basis to 143 in 2014-15 (Q1) as is evident from the table below:

2011-12	2012-13	2013-14	2014-15 (Q1)
(Indexed) 100	123	140	143

9. Employment

During the period 2011-12 to 2014-15 (Q1), the employment has increased from 2445 to 2601 as is evident from the table below:

2011-12	2012-13	2013-14	2014-15 (Q1)
2445	2599	2593	2601

10. Capacity Utilisation

During the period 2011-12 to 2014-15 (Q1), the capacity utilization of DI has decreased from 61 % in 2011-12 to 49% in 2014-15 (Annualised) as is evident from the table below:

Financial Year	Installed Capacity (MT)	Capacity Utilisation (%)
2011-12	110635	61
2012-13	197979	42
2013-14	197979	48
2014-15 (Annualised)	197979	49

11. The domestic industry has requested for immediate imposition of safeguard measures for a period of four years in their application. The domestic industry has also requested for imposition of provisional safeguard duty in view of steep deterioration in performance of the domestic industry as a result of increased imports of product under consideration.

12. The application has been examined and it has been found that prima facie increased imports of 'PUC' have caused or are threatening to cause serious injury to the domestic producers of 'PUC' and accordingly, it has been decided to initiate an investigation through this notice.

13. All interested parties may make their views known within a period of 30 days from the date of this notice to:

The Director General (Safeguards)
Bhai Vir Singh Sahitya Sadan: 2nd Floor,
Bhai Vir Singh Marg, Gole Market,
New Delhi-110 001, INDIA.
Telefax: 011-23741542/ 23741537
E-mail: dgsafeguards@nic.in

14. All known interested parties are also being addressed separately.

15. Any other party to the investigation who wishes to be considered as an interested party may submit its request so as to reach the Director General (Safeguards) on the aforementioned address within 21 days from the date of this notice.

16. In terms of Rule 6 (7) of Customs Tariff (Identification and Assessment of Safeguard Duty) Rules, 1997, any interested party may inspect the public file containing non-confidential versions of the evidence submitted by the other interested parties after the expiry of 30 days from the date of this notice.

Services within an Unincorporated Temporary JV (Joint Venture) will be Taxed

Subject: Service Tax - Joint Venture.

179-ST
24.09.2014
(DoR)

Certain doubts have been raised regarding the levy of service tax on taxable services provided (i) by the members of the Joint Venture (JV) to the JV and vice versa; and (ii) inter se between the members of the JV. In addition, doubts have also been raised regarding taxation of cash calls or capital contribution made by the members to the JV and also administrative services provided by a member to the JV.

2. The issue has been examined. With effect from 1st July, 2012, under the negative list approach, all services are taxable subject to the definition of the service [available in section 65B (44) of the Finance Act, 1994], other than the services specified in the negative list [section 66D] and exemption notification [Notification No. 25/2012-ST]. According to Explanation 3(a) of the definition of service, "an unincorporated association or a body of persons, as the case may be, and a member thereof shall be treated as distinct persons". In accordance with the above explanation, JV and the members of the JV are treated as distinct persons and therefore, taxable services provided for consideration, by the JV to its members or vice versa and between the members of the JV are taxable.

3. In the context of a JV project, cash calls are capital contributions made by the members of JV to the JV. If cash calls are merely a transaction in money, they are excluded from the definition of service provided in section 65B(44) of the Finance Act, 1994. Whether a 'cash call' is 'merely… a transaction in money' [in terms of section 65B(44) of the Finance Act, 1994] and hence not in the nature of consideration for taxable service, would depend on the terms of the Joint Venture Agreement, which may vary from case to case.

4. Detailed and close scrutiny of the terms of JV agreement may be required in each case, to determine the service tax treatment of cash calls. Some important aspects, by way of illustration, which could be examined in this regard, are:-

4.1 Taxable service provided by a JV to its members:

Cash calls, sometimes, could be in the nature of advance payments made by members towards taxable services to be received from the JV. For instance, JV which receives the cash call from its members may in return agree to do something of direct benefit either to the member or on the behest of a member to a third party, such as granting of right, reserving production capacity or providing an option on future supplies.

4.1.1 Taxable services received by a JV from its members or third party:

Payments made out of cash calls pooled by a JV, towards taxable services received from a member or a third party is in the nature of consideration and hence attracts service tax.

4.2 Taxable services provided by members to the JV:

Usually responsibility of managing the cash calls of the JV is assigned to one or some of the members of the JV, by way of a contractual agreement, for which he/they may receive a consideration either in cash or kind (say, goods or services).

A member of JV may provide support services (for example, administrative service in the form of setting up/management of a project office/site office) to the JV for a consideration either in cash or kind (say, goods or services).

5. JV being an unincorporated temporary association constituted for the limited purpose of carrying out a specified project within a time frame, a comprehensive examination of the various JV agreements (at times, there could be number of inter se agreements between members of the JV) holds the key to understanding of the taxation of transactions involving taxable services between the JV and its members or inter-se between the members of a JV. Therefore officers in the field formations are advised to carefully examine the leviability of service tax with reference to the specific terms/clauses of each JV agreement.

F.No. 354/187/2013-TRU

Tax Administration Reforms Commission (TARC) Second Report Calls Customs Reform

"Shun Gate Keepers Approach which Promotes Rent Seeking", says Shome

Tax Administration Reforms Commission (TARC) submitted its second report on 26 September. TARC in its Second Report addresses two important aspects of tax administration i.e. capacity building of customs department and data and information exchange. (In the First Report, TARC had addressed customer focus, structure and governance, people's function, dispute management and key internal processes besides ICT).

Highlights of the Reccos

- Indian customs to move away from their traditional administrative approach towards a more proactive and wholesome compliance management approach. It must become a highly technology driven organization with a robust and reliable risk management based approach to governance. Move away from excessive revenue orientation towards supply chain security, effective implementation of their responsibilities in trade related areas, IPRs and trade facilitation. Trust based approach towards the compliant trade coupled with very effective enforcement against noncompliance.
- Customs should have a lead role to achieve inter agency harmonisation and coordination.
- CBEC to get functional and financial autonomy as recommended in the TARC first report, subject to accountability.
- **Governance:** The CBEC should immediately commence work on the development of a customs vision and strategic plan, setting out the strategic goals and the implementation strategy that will ensure its place among "best in class" customs administrations.
- Self-assessment check-lists, manuals containing standard operating procedures and fully updated, user friendly and reliable website.
- Performance management framework
- The CBEC should aim at developing systems, structures and processes that ensure a consistent and uniform response across the organization.
- Shift from high levels of pre-clearance interdictions to intelligence led, risk-based interventions by exception, supply chain management and post-clearance audit.
- The risk management module for container selection to be integrated with the CBECâ€™s other operational systems. The CBEC should progressively move away from a local approach in risk management to a strong national approach and move towards setting up a national targeting facility such as the ones set up in the US, Australia and New Zealand.
- Meaningful contribution to trade policy, based on credible research and analysis.
- Cargo to move seamlessly through Indian ports and airports and build substantial capacities in the area of post-clearance audit. It should abandon the "gatekeeper" approach underlying the current control mechanism as it is ineffective and promotes rent seeking.
- Centralised assessment for compliance verification, adopting the centres of excellence concept. Full digitisation of the processes, dematerialisation of the documents and documents management system.
- Advance filing needs to be effectively implemented ensuring high data quality.
- Related party transactions should be handled as part of post-clearance audit. Directorate of Valuation should be strengthened to become a centre of excellence in this area by building strong expertise.
- Automation of international express cargo and international post-offices should be expedited.
- Advanced passenger information system (APIS) incorporating modern identity management and entity analytics solutions to be fast-tracked.
- Capacity building through extensive training and close engagement with the industry is in the area of IPR.
- Customs to counter trade based money laundering by greater use of analytics and strong co-ordination among the DRI, RMD, FIU and Directorate of Enforcement.
- Anti-smuggling operations in remote areas.
- New generation system to replace the current ICT systems. There should be extensive reliance on service oriented architecture in designing the new system and it should ensure interoperability of customs and other agencies involved in border management, a fully distributed, open, wireless and mobile operational environment and solutions for structured and unstructured data.
- Real-time tracking of movement of goods across the supply chain, including to CFSs, ICDs, SEZs etc. and eliminate dilatory, costly and unreliable paper based processes.
- Non-intrusive inspection technologies such as container scanners, X-Ray scanners, etc., needs to be expedited.
- Innovative adoption of latest technologies through experimentation and pilots needs to be created.
- Crew for the recent acquisition of 109 modern patrol craft needs to be expedited. Similarly, expedited action should be taken for operationalising the telecommunications set up.
- The Directorate of Logistics needs to be strengthened and the required expertise in technology, procurement and contract management needs to be created and sustained in the directorate.
- Ownership on the part of the CBEC of the facilitation programmes undertaken by it. It should undertake immediate steps to achieve the facilitation targets set out in its own circular dated September 2, 2011.
- Denial of ACP status to clients on account of show-cause notices and should not deny such status to other wise compliant clients where there is no wilful fraud or evasion.
- CBEC should follow best international practice by regularly undertaking and publishing time release studies.
- Leadership role among the various border agencies to ensure proper co-ordination at the border. ensure trade facilitation, allow greater participation of all agencies in a common risk management framework and enable the development and implementation of a single window
- The SAFE and AEO programme need greater visible commitment from the CBEC and there needs to be much greater communication of the benefits of the programme among stakeholders to induce them to join the programme.
- Revisit the AEO programme to align it better with different needs of different players in the supply chain and create better incentives for improving compliance.
- Direct engagement with senior management in trade and industry.
- A Directorate of Origin should be set up in the CBEC to handle RTA related issues. It should develop specialised expertise on rules of origin and related areas.
- Customs officers in the Directorate General of Anti-dumping will ensure enhanced co-ordination and better management of anti-dumping measures.
- Directorate of Safeguard needs to be strengthened and should be enabled to play a more proactive role in the propagation of safeguard measures in industry, particularly among SMEs.
- Develop non-preferential rules of origin to ensure proper application of antidumping and safeguard measures.
- Directorate of International Co-operation should be created and adequately staffed in view of the high importance of international co-operation in customs functioning. A clear framework needs to be created for international data exchange and dedicated resources assigned.
- Programme for cross border co-operation with India's neighbours, which can lead to joint border control as envisaged in the Revised Kyoto Convention.
- Institutionalized arrangement for regular border meetings between designated customs officials to deal with day-to-day operational issues that create difficulties for trade.
- Transfer policies presently prevents specialisation, dilutes accountability and affects its performance.
- Bridging the skill gap of Groups B and C officials through effective training and competency building.
- NACEN needs to substantially upgrade its curricula and training methodology with greater infusion of technology and widening of its training coverage. Capacity for delivery of training to all levels in emerging areas of customs administration.
- Robust framework which will address data and information exchange. This framework should have elements such as provisions for process or making requests for data or information,

time-bound responses to such requests, consequences for not sharing and for unauthorised uses, developing common standards, layered authorisations, feedback mechanism on exchange of data or information and

- strengthening provisions for data privacy and confidentiality.
- All collaborating organisations " the CBDT, CBEC, FIU, CEIB, RBI and SEBI" need to create a common catalogue of data or information. This will contain information on data, such as source of data, data structure, data definition, quality of data, frequency of update on the data, etc• .
- A consistent approach on data across agencies will allow better collation of data and information, making its use easy. A common taxonomy, based on such an approach, will standardise data description, data context and data sharing. Common standards and taxonomy facilitate data exchange between different organisations and enable better reporting and analysis.
- All collaborating organisations must categorise the data or information into what can be granted general accessibility and what can be considered for limited sharing or for some what spontaneous sharing. The categorisation must be known *a priori* to the other organisations.
- Algorithms must be developed to make sense of the amorphous data and information coming from various sources into structured data so as to execute and deliver the objectives and purpose of collecting the data.
- The most critical aspect of establishing a data analytics infrastructure is to establish a mechanism to process and structure data so that it is ready for analysis. Therefore, it will be imperative for all collaborating agencies to evaluate the quality of data available for a meaningful analysis.
- Safeguards must be instituted to ensure confidentiality of data or information exchanged and prevent unauthorised access or use of data or information. The agency receiving information and the agency providing information need to establish safeguard processes for evaluating the confidentiality and security related protocol of the data and information shared. This safeguard protocol will need to clearly articulate access rights and further sharing rights and be made available upfront to the other party.

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Peanut Butter Substitutes Dairy Butter as Protein Source

The humble spread, found in lunch-box sandwiches across America, is suddenly a favorite of restaurants and packaged-food companies-thanks largely to falling prices. With the cost of meat and dairy climbing, peanut butter is increasingly seen as a cheap way to supply protein. That's led to a new generation of products and helped pad profit margins for manufacturers.

With meat prices near records and popular diets pushing increased protein consumption, about 15 percent of Americans now say they're willing to turn to sources such as soy, nuts and dairy, he said.

U.S. peanut production surged to a record 6.76 billion pounds in 2012, creating an oversupply that persisted even as output came back to earth at 4.17 billion pounds last year, according to the U.S. Department of Agriculture. The USDA forecasts the harvest will jump 19 percent to 4.97 billion pounds this year.

Part of the reason for the bumper crops is a new variety of peanut, the Georgia 06G, that is more disease-resistant and better yielding, said Bob Parker, president of the National Peanut Board in Atlanta. While U.S. harvests averaged about 3,000 pounds an acre 10 years ago, last year's crop was more than 4,000 pounds an acre, he said.

Prices for the creamy spread dropped for five straight months through July, when they reached the lowest level since 2011. Creamy peanut butter was about $2.42 a pound in August, 11 percent cheaper than a year earlier, Bureau of Labor Statistics data show.

Still, the National Peanut Board estimates that about 94 percent of U.S. households regularly eat peanut butter.

Customs Valuation Exchange Rates

19 September 2014		Imports	Exports
Schedule I [Rate of exchange of one unit of foreign currency equipment to Indian Rupees]			
1	Australian Dollar	55.55	54.20
2	Bahrain Dinar	167.10	157.90
3	Canadian Dollar	56.25	54.95
4	Danish Kroner	10.75	10.40
5	EURO	79.65	77.75
6	Hong Kong Dollar	7.95	7.85
7	Kuwaiti Dinar	219.55	207.15
8	New Zealand Dollar	50.30	49.05
9	Norwegian Kroner	9.65	9.35
10	Pound Sterling	100.75	98.55
11	Singapore Dollar	48.80	47.70
12	South African Rand	5.70	5.40
13	South Arabian Riyal	16.80	15.85
14	Swedish Kroner	8.65	8.45
15	Swiss Franc	65.85	64.25
16	UAE Dirham	17.15	16.20
17	U.S. Dollar	61.75	60.75
Schedule II [Rate of exchange of 100 units of foreign currency equivalent to Indian rupees]			
1	Japanese Yen	57.00	55.65
2	Kenyan Shilling	70.70	66.60

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