Postal Regn.No. DL(C)-01/1251/12-14
Licence to Post without Prepayment U(C)-30/12-14
RNI No. 42906/84

WORLD TRADE SCANNER

ISSN: 0971-8095

Single copy Rs. 20 $2

Vol. XXXI No 30 15 - 21 October 2014

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

Annual subscription Rs. 950

American Chicken Legs in Punjabi Dhabas in the Offing

(Americans do not like to eat chicken legs which are discarded at the time of processing. Indians, on the other hand, love the leg portion. Thus the waste of US is priced low for the small pockets of Indians.

On the other hand, Americans love chicken breasts which Indians hate.

A case of breasts vs legs? – Ed)

India lost the case at WTO on Tuesday, 14 October against the restrictions it had imposed on poultry imports US on grounds of SPS restriction based on bird flu. The WTO's dispute panel said held restrictions imposed by India on imports of poultry from America were "inconsistent" with the international norms. WTO said that India's measures are "arbitrarily and unjustifiably discriminate between Members where identical or similar conditions prevail and are applied in a manner which constitutes a disguised restriction on international trade."

It also said that the measures are "significantly more trade-restrictive" than required to achieve India's appropriate level of protection with respect to the products and "therefore are also applied beyond the extent necessary to protect human and animal life or health".

"India's Avian Influenza (AI) measures are inconsistent with (several articles) of the SPS (sanitary and phyto-sanitary) Agreement because they are not based on the relevant international standard," the ruling said.

US Trade Representative Michael Froman called it a major victory for the American farmers. "Our farmers produce the finest, and safest, agricultural products in the world.", he said. India may appeal against the ruling.

United States Trade Representative Michael Froman announced on 14 October that the United States has won a major victory at the World Trade Organization (WTO) on behalf of U.S. farmers, including the U.S. poultry industry. A WTO dispute settlement panel has found in favor of the United States in a dispute challenging India's ban on various U.S. agricultural products – such as poultry meat, eggs, and live pigs – allegedly to protect against avian influenza. The panel agreed with the United States that India's ban breached numerous international trade rules, including because it was imposed without sufficient scientific evidence.

Georgia is the fourth largest poultry-producing region in the world, so this means a great deal to our state economy", said Senator Isakson.

The U.S. poultry industry, directly employs over 350,000 workers and consists of nearly 50,000 family farms – has been particularly affected by India's restrictions. The industry estimates that U.S. exports to India of just poultry meat alone could easily exceed $300 million a year once India's restrictions are removed – and are likely to grow substantially in the future as India's demand for high quality protein increases.

The United States initiated this dispute by requesting consultations with India on March 6, 2012. After consultations proved unsuccessful in resolving U.S. concerns, the WTO established a panel at the U.S. request to hear U.S. claims that India's avian influenza restrictions are inconsistent with India's WTO obligations.

In its report, the Panel that India breached its obligations under the WTO Agreement on the Application of Sanitary and Phytosanitary Measures (SPS Agreement) because India's restrictions:

Restrictions are not based on international standards or a risk assessment that takes into account available scientific evidence;

They arbitrarily discriminate against U.S. products because India blocks imports while not similarly blocking domestic products to constitute a disguised restriction on international trade;

Restrictions are more trade restrictive than necessary since India could reasonably adopt international standards for the control of avian influenza instead of imposing an import ban and fail to recognize the concept of disease free areas and are not adapted to the characteristics of the areas from which products originate and to which they are destined; and

Further, the measures were not properly notified in a manner that would allow the United States and other WTO Members to comment on India's restrictions before they went into effect.

Foreign Trade Policy on Oct 20?

According to PTI, the new foreign trade policy is likely to be announced on October 20. The much awaited five-year foreign trade policy (2014-19) incentivise domestic value-added products, new rules for special economic zones (SEZs) and a review of free trade agreements (FTAs).

Meetings between Commerce and Revenue are on to hammer out a package to boost stagnant exports. The special report on measures to shore up exports by the Economic Division in DEA is seem as the main thought input in this respect.

Minister Nirmala Sitharaman claims that it would be "different".

"Very soon the FTP will be unveiled. I can give you a broad idea, but not the intrinsic details. Whatever was the structure of earlier FTPs, it will be different from that," Sitharaman said this last month while addressing a press conference on completion of the 100 days of the NDA government. (It is believed that the Minister is looking for a cue from PM Modi but the signal is not forthcoming as the State Elections are taking up the PM's time and attention).

Services sector contributes about 55 percent to the country's gross domestic product. During May, services exports were about USD 14 billion.

The country's exports stood at USD 300.4 billion in 2012-13 and USD 307 billion in 2011-12.

Sept Exports Fall Once Again

A. Exports (including re-exports)

Exports during September, 2014 were valued at US $28.90bn (Rs.1.76 lakh crore) which was 2.73 per cent higher over the same month last year. Cumulative value of exports for the period April-September 2014-15 was US $163bn (Rs 9.86 lakh crore) as against US $ 153754.85 million (Rs 910882.94 crore) registering a growth of 6.47 per cent in Dollar terms and growth of 8.20 per cent in Rupee terms over the same period last year.

B. Imports

Imports during September, 2014 were valued at US $43.13bn (Rs.2.62 lakh crore) representing a growth of 25.96 per cent in Dollar terms and a growth of 20.25 per cent in Rupee terms over the level of imports valued in September, 2013. Cumulative value of imports for the period April-September 2014-15 was US $234bn a growth of 1.57 per cent in Dollar terms and growth of 3.96 per cent in Rupee terms over the same period last year.

C. Crude Oil and Non-Oil Imports

Oil imports during September, 2014 were valued at US $14.5bn which was 9.7 per cent higher than imports in the corresponding period last year.

Non-oil imports during September, 2014 were estimated at US $28.65bn which was 36.2 per cent higher than non-oil imports of US $21.04bn in September, 2013.

India's Export and Import in 2014-2015

(US$mn)

Month	Export	Growth	Import	Growth
March	29,578.43		40,085.76	
April	25,634.08	-13.33	35,720.03	-10.89
May	27,998.50	9.22	39,233.24	9.84
June	26,479.72	-5.42	38,242.96	-2.52
July	27,727.60	4.71	39,956.23	4.48
August	26,958.22	-2.77	37,796.82	-5.40
September	28,903.28	7.22	43,150.70	14.16

Exports & Imports (Merchandise): (US $ Million)

(Provisional)

	September	April-September
Exports (including re-exports)		
2013-14	28135.90	153754.85
2014-15	28903.28	163701.40
%Growth2014-15/2013-14	2.73	6.47
Imports		
2013-14	34258.24	230479.32
2014-15	43150.70	234099.98
%Growth 2014-15/2013-14	25.96	1.57
Trade Balance		
2013-14	-6122.34	-76724.47
2014-15	-14247.42	-70398.58

Excise Collections Turn Negative in September, Customs Revenue Booms – Manufacturing to Shrink?

CBEC Press Release dated 14.10.2014

Details of Indirect Tax revenue (provisional) collections during April-September 2014, along with growth rate compared to the corresponding period in the previous year.

For the period April – September 2014

(Rs. in crores)

Tax Head	B.E. 2014-15	For the month 2013-14	For the month 2014-15	% Growth	Upto the month 2013-14	Upto the month 2014-15	% Growth	% of BE achieved
Customs	201819	13644	18116	32.8	84643	89324	5.5	44.3
Central Excise*	205452	14339	14288	(-) 0.4	75470	75021	(-) 0.6	36.5
Service Tax	215973	14755	15608	5.8	68506	77466	13.1	35.9
Total	623244	42738	48012	12.3	228619	241811	5.8	38.8

Exclusive of cess administered by other departments.

Services Exports Yield $5.67bn Surplus in Aug

A. Exports (Receipts)

Exports during August, 2014 were valued at US $12.242bn (Rs. 74547.90 Crore).

B. Imports (Payments)

Imports during August, 2014 were valued at US $6.767bn (Rs. 41207.78 Crore).

C. Trade Balance

The trade balance in Services (i.e. net exports of Services) for August, 2014 was estimated at US $ 5.475bn.

Exports & Imports (Services): *(Provisional)*

(US $ Million)

	August 2014-15
Exports (Receipts)	12242.00
Imports (Payments)	6767.00
Trade Balance	5475.00

Exports & Imports (Services):

(Rs. Crore)

	August 2014-15
Exports (Receipts)	74547.90
Imports (Payments)	41207.78
Trade Balance	33340.12

Brand Equity Fund Promotes Indian Pharma

On the back of an aggressive branding show case managed by India Brand Equity Foundation (IBEF), the Brand India Pharma campaign made its presence felt on the first day of CPhI Worldwide 2014. With a 360-degree strategy, IBEF has been leading the Brand India Pharma campaign since its launch in March 2012 under the aegis of the Department of Commerce. This is the third consecutive presence of the campaign at CPhI Worldwide, one of the most prestigious pharmaceutical events across the globe. Around 230 Indian companies are participating at CPhI Worldwide this year. CPhI Worldwide is the largest pharmaceutical trade exhibition and is being held from October 7-9, 2014 in Paris.

"There are around five Indian companies in the list of top 20 global generic companies. Indian companies are looking at making healthcare accessible and affordable for the global population," said Sudhanshu Pandey.

The focused activities undertaken by IBEF as part of the Brand India Pharma campaign this year at CPhI Worldwide are expected to increase awareness about the Indian pharmaceutical industry amongst the global stakeholders.

The India Pavilion was inaugurated by Rajeev Kher, Commerce Secretary, Government of India along with Arun Kumar Singh, Ambassador of India to France, Dr. G N Singh, Drugs Controller General of India, B P Pandey, Additional Secretary and Financial Advisor, Department of Commerce, Government of India, Sudhanshu Pandey, Joint Secretary, Department of Commerce, Government of India, Ms Aparna Dutt Sharma, CEO, IBEF, Mr Amruth Rao, Licensing Authority, DCA, Telangana, Mr H G Koshia, Commissioner, Food & Drug Control Administration, Gujarat and Dr P V Appaji, Director General, Pharmaceuticals Export Promotion Council of India (Pharmexcil) in the presence of major Indian pharmaceutical companies in Hall 6 at the Paris Nord Villepinte, France.

WEEKLY INDEX OF CHANGES

Audit Powers of Excise to Continue, Delhi HC Quashes Audit of Service Tax

Sub: Audit by officers of Central Excise.

986-CBEC 09.10.2014 (DoR) Doubts have been raised in certain quarters regarding powers of a Central Excise officer to conduct audit, in the background of a recent judgment of Hon'ble High Court of Delhi dated 04.08.2014 in case of M/s Travelite (India) [2014-TIOL-1304-HC-DEL-ST] wherein the Hon'ble court has held that the powers to conduct audit as envisaged in rule 5A (2) of the Service Tax Rules, 1994, does not have appropriate statutory backing and therefore quashed the rule.

2. It may be noted that the judgment did not deal with the issue of audit in Central Excise. It is further clarified that in Central Excise there is adequate statutory backing for audit by the Central Excise Officers. The statutory provisions relevant for audit is clause (x) of Section 37(2) and rule 22 of the Central Excise Rules, 2002. For ease of reference, Section 37(2)(x) is reproduced below :-

Section 37: Power of the Central Government to make rules-

"37(2)(x) : *impose on persons engaged in the production or manufacture, storage or sale (whether on their own account or as brokers or commission agents) of salt, and, so far as such imposition is essential for the proper levy and collection of the duties imposed by this Act, of any other excisable goods, the duty of furnishing information, keeping records and making returns, and prescribe the nature of such information and the form of such records and returns , the particulars to be contained therein, and the manner in which they shall be verified;*"

3. Rule 22 of the Central Excise Rules, 2002 provides that the Commissioner may empower an Officer or depute an audit party for carrying out scrutiny or verification of records of the assessee. The rule also obliges an assessee to make available records for such scrutiny.

4. The statutory backing for rule 22 thus flows from clause (x) of section 37(2) and the general rule making powers under section 37(1) of the Central Excise Act, 1944. Clause (x) of section 37(2) empowers the Central Government to make rules for verification of records and returns to check the correctness of levy and collection of duty which in the present regime of self-assessment would mean verification of correctness of self-assessment and payment of duty by the assessee. It may be noted that the expression "verification" used in the section is of wide import and would include within its scope, audit by the Departmental officers, as the procedure prescribed for audit is essentially a procedure for verification mandated in the statute.

5. It is therefore clarified that officers of Central Excise shall continue to conduct audit, as provided in the statute. This clarification may be brought to the notice of the field formations. Hindi version will follow. Difficulty, if any, in the implementation of the instruction may be brought to the notice of the Board.

F. No. 206/10/2014-CX.6

CBEC Consolidates Reporting thru Monthly Report from New Year

[Ref: CBEC Instruction F.No. 296/127/2013-CX-9 dated 10th October 2014]

Subject: Monthly Performance Reports – Instructions.

At present there are more than 100 reports that are being sent by the field formations on a monthly basis to various Directorates and sections of the Board. Also, the present reporting system within the Department suffers from the problem of unreliability and susceptibility to error as it involves manual compilation at various stages. Consequently, no two reports ever tally. Further, the information so laboriously collected is not readily available for performance evaluation or informed decision making. Taking the above into cognizance, the Board has approved development of MIS which over a period of time, would eliminate unreasonable and overburdened reporting. The Working Group set up for this purpose has held detailed consultations with all stakeholders and laid down the strategic roadmap for the development of the MIS. The MIS will be implemented in a phased manner, which is briefly stated below:-

1.1 **First Stage: Online / Web-uploading of information in predefined formats:** In the First Stage, a set of predefined formats, being called as the Monthly Performance Reports (MPR), has been prescribed, which would be filled online or uploaded through a web-based up-loadable utility by the concerned formations on a common platform hosted by Directorate of Data Management (DDM)

1.2 **Second Stage:Digital recording of critical events:** The Second Stage addresses the limitations of First stage by replacing manual registers with digital registers.

1.3 **Third Stage:Integration of modules and process automation:** In the Third Stage, the focus would be on digitizing more and more events which are considered important for monitoring. In addition, where a business process is sufficiently simplified to be amenable to automation, such process would also be automated. Integration of such digitized events and processes would be carried out in the Third Stage.

2. The current FMR, MMR, MTRs and other adhoc reports prescribed from time to time would be replaced by the Monthly Performance Reports (MPRs). The MPRs have been designed in consultation with each functional owners, which are the line Directorates/Sections of Board who are in-charge of monitoring and managing performance in different areas on behalf of Board by collating reports. The MPRs are divided into six parts, as mentioned below, and each part contains various Annexures.

Part - 1 Revenue / Drawback / Refunds / Rebates

Part - 2 Anti - Evasion (CE & ST) / Anti-Smuggling (Customs)

Part - 3 Audit (Central Excise / Service Tax / OSPCA / PCA)

Part - 4 Adjudication, Provisional Assessment, Pendency of Refunds Rebates, Bonds/ BG etc.

Part - 5 Litigation (Court Cases and Appeals)

Part - 6 Arrears Recovery

3. The following instructions may be noted:-

(i) All reports in the new formats would have to be uploaded by the 15th of the following month. The new formats of MPRs will be effective from December, 2014 and the first report in new format would have to be sent by 15th January 2015.

(ii) Web-based utilities are being developed by Directorate of Data Management (DDM) for uploading of reports. Until then, the MPRs(w.e.f. 01.12.2014) are to be prepared in formatted excel sheets by the respective field formations and Directorates and sent by e-mail to an exclusive and dedicated mail address which would be communicated by DDM.

(iii) MPR formats would be available to all Customs, Central Excise and Service Tax Zones and all Directorates on CBEC website.

(iv) Each functional owner would subsequently send the aggregated report/summary to the Board by 20th of every month.

(v) An application would be developed to aggregate the reports and build requisite MPRs database to make information accessible to all users simultaneously.

(vi) DDM would provide requisite NIC e-mail IDs and authentication details for all Zones / Directorates, wherever required, for the purpose of reporting.

(vii) Each Zone should identify and designate a post for reporting purposes. The Nodal Officer from the zone, who will be responsible for uploading of the MPRs, may be assigned the said designated post.

(viii) List of reports merged and stopped and list of revised reports is at Annexures A and B.

(ix) The functional owners of each report shall be responsible for receipt of information from field formations and sending the respective aggregated report to the Board. Each functional owner should finalize executive monthly summary reports meant for Board Members.

(x) Each functional owner should identify and designate a Nodal Officer who would be responsible for receipt of the MPRs and preparing an Executive Summary for the Board.

(xi) Wherever feasible, the functional owners would have to generate required information from the available reports for answering Parliament Questions.

(xii) Only in exceptional cases, when the requisite information is not available in the MPRs, the information may be called from the field formations. It is reiterated that the practice of calling of information as a routine from the field formations should be curbed. The information that is not available in MPRs and which is being repeatedly asked may be brought to the notice of MIS Committee for review. The proposals would be put up to MIS Committee for decision on inclusion of new requirements/modification of existing MPRs.

(xiii) In order to ensure that officers from all the field formations necessarily upload requisite information in the MIS, Board has decided that uploading/e-mailing of information would be the only manner of reporting by the field formations. Failure to upload information / send e-mail by due date as prescribed would tantamount to no reporting.

(xiv)The functional owners are advised not to accept any report other than in the prescribed digital format.

(xv) As information furnished after the cutoff date would not be part of aggregated information, which would be furnished to Board, any delay in furnishing information may lead to wrong reporting. This would entail a close monitoring and supervision by Chief Commissioners at their level and by the MIS Committee at Centre.

(xvi)Apart from the information received through MPRs, the Board, Directorates and field formations may also require information from existing software applications such as ACES, EASIEST, ICES, EDW. In this context, it has been decided that EDW would be the nodal point and responsible for furnishing information to Board, Directorates, field formations and other Agencies / Ministries, as and when it is called for. EDW will develop customized reports to meet specific and repetitive requirements of each functional owner. Wherever necessary customized MIS reports can also be built into ICES and ACES applications. In this regard, ICES may incorporate the requirements of Directorate of Drawback into the NMIS module.

(xvii) EDW / DDM will provide requisite commodity wise or budget head wise reports to TRU after retrieving the information from ICES / ACES / EDW.

(xviii) No reports would be called from field formations if information sought is available and it can be retrieved from the existing applications.

4. The object of the proposed MIS System is to provide most of the information relating to technical activities being dealt within the CBEC to all the levels of senior officers including Chairperson on their desktop. The proposed MIS system is, intended to provide reliable, accurate and up-to-date information so as to help the policy makers in taking accurate and fast decisions as well as free large manpower for more productive activities.

[Format of Monthly Performance Reports (MPRs) is available at our website www.worldtradescanner.com]

Remittances through Exchange Houses to PM Relief Fund Allowed

Sub: Memorandum of Instructions for Opening and Maintenance of Rupee / Foreign Currency Vostro Accounts of Non-resident Exchange Houses.

AP(DIR Srs) Cir.35 09.10.2014 (RBI) Attention of Authorised Dealer Category – I (AD Category – I) banks is invited to the A.P. (DIR Series) Circular No. 28 [A.P. (FL/RL Series) Circular No. 02] dated February 6, 2008 and the Annex to the A.P. (DIR Series) Circular No 88 dated January 9, 2014 on the captioned subject, as amended from time to time.

2. It has been decided to permit remittances to the Prime Minister's National Relief Fund through the Exchange Houses subject to the condition that the remittances are directly credited to the Fund by the banks and the banks maintain full details of the remitters.

3. Accordingly, the Annex to the A.P. (DIR Series) Circular No 88 dated January 9, 2014, listing the permissible transactions has been modified and appended hereto. All other instructions issued vide A.P. (DIR Series) Circular No. 28 [A. P. (FL/RL Series) Circular No. 02] dated February 6, 2008, as amended from time to time, will remain unchanged.

Revised guidelines under Part (B) Permitted Transactions of Annex

Drawing Arrangements with Exchange Houses are primarily designed to channel inward personal remittances. Under no circumstances, donations / contributions to charitable institutions should be routed through the Exchange Houses. The following is the list of permissible transactions under Drawing Arrangements with Exchange Houses.

1. Credit to Non-resident (External) Rupee accounts maintained by Non-resident Indians in Indian Rupees.
2. Payments to families of Non-resident Indians.
3. Payments in favour of Insurance companies, Mutual Funds and the Post Master for premia/ investments.
4. Payments in favour of bankers for investments in shares, debentures.
5. Payment to Coop. Housing Societies, Govt. Housing Schemes or Estate Developers for acquisition of residential flats in India in individual names subject to compliance of regulations thereof by the Non-resident Indians.
6. Payments of tuition/ boarding, examination fee etc. to schools, colleges and other educational institutions.
7. Payments to medical institutions and hospitals for medical treatment of NRIs / their dependents and nationals of Gulf Countries in India.
8. Payments to hotels by nationals of Gulf countries / NRIs for their stay.
9. Payments to travel agents for booking of passages of NRIs and their families residing in India towards their travel in India by domestic airlines/ rail, etc.
10. Trade transactions up to Rs.5 lakh per transaction.
11. Payments to utility service providers in India, for services such as water supply, electricity supply, telephone (except for mobile top-ups), internet, television etc.
12. Tax payments in India
13. EMI payments in India to Banks and Non-Banking Financial Companies (NBFCs) for repayment of loans.
14. Remittances to the Prime Minister's National Relief Fund subject to the condition that the remittances are directly credited to the Fund by the banks and the banks maintain full details of the remitters.

Money Transfer Service in India on Foreign Remittance Liable to Service Tax

Subject: - Levy of service tax on activities involved in relation to inward remittances from abroad to beneficiaries in India through MTSOs.

180-ST 14.10.2014 (DoR) Vide circular No. 163/14/2012-ST, dated 10th July, 2012, on the issue of levy of service tax on the activities involved in the inward remittance it was clarified that there is no service tax *per se* on the foreign exchange remitted to India from outside for the reason that money does not constitute a service and that conversion charges or fee levied for sending such money would also not be liable to service tax as the person sending money and the company conducting the remittance are both located outside India. It was also clarified that the Indian bank or financial institution who provides service to the foreign bank or any other entity is not liable to service tax as the place of provision of service shall be the location of the recipient of service. This clarification covers the scenario where the Indian bank or financial institution provides services on principal to principal basis to the foreign bank/entity, on its own account, and thus the service is covered by the general rule, i.e. rule 3 of the Place of Provision of Service Rules, 2012.

2. However, subsequently, it had been brought to the notice of the Board that the foreign money transfer service operator (MTSO), conducting remittances to beneficiaries in India, have appointed Indian Banks/financial entities as their agents in India who provide agency / representation service to such MTSO for furtherance of their service to a beneficiary in India. The agents are paid a commission or fee by the MTSO for their services. The entire sequence of transactions in remittances of money from overseas through the MTSO route is as under:

Step 1: Remitter located outside India (say 'A') approaches a Money Transfer Service Operator (**MTSO**)/bank (say B) located outside India for remitting the money to a beneficiary in India; 'B' charges a fee from 'A'.

Step 2: 'B' avails the services of an Indian entity (**agent**) (say 'C') for delivery of money to the ultimate recipient of money in India (say 'E'); 'C' is paid a commission/fee by 'B'.

Step 3: 'C' may avail service of a **sub-agent** (D). 'D' charges fee/commission from 'C'.

Step 4: 'C' or 'D', as the case may be, delivers the money to 'E' and may charge a fee from 'E'.

3. Clarifications have been sought as to whether such agents (referred in Step 2 above) would fall in the category of intermediary, and if so, whether service tax would be leviable on the commission/ fee amount charged by such agents. Clarifications have also been sought as to whether the services provided by sub agent (referred in step 3 & 4 above) are leviable to service tax and on certain other related issues.

4. The issues discussed above have been examined and it is clarified as follows,-

SNo.	Issues	Clarification
1	Whether service tax is payable on remittance received in India from abroad?	No service tax is payable *per se* on the amount of foreign currency remitted to India from overseas. As the remittance comprises money, it does not in itself constitute any service in terms of the definition of 'service' as contained in clause (44) of section 65B of the Finance Act 1994.
2	Whether the service of an agent or the representation service provided by an Indian entity/ bank to a foreign money transfer service operator (MTSO) in relation to money transfer falls in the category of intermediary service?	Yes. The Indian bank or other entity acting as an agent to MTSO in relation to money transfer, facilitates in the delivery of the remittance to the beneficiary in India. In performing this service, the Indian Bank/entity facilitates the provision of Money transfer Service by the MTSO to a beneficiary in India. For their service, agent receives commission or fee. Hence, the agent falls in the category of intermediary as defined in rule 2(f) of the Place of Provision of Service Rules, 2012.
3	Whether service tax is leviable on the service provided, as mentioned in point 2 above, by an intermediary/agent located in India (in taxable territory) to MTSOs located outside India?	Service provided by an intermediary is covered by rule 9 (c) of the Place of Provision of Service Rules, 2012. As per this rule, the place of provision of service is the location of service provider. Hence, service provided by an agent, located in India (in taxable territory), to MTSO is liable to service tax. The value of intermediary service provided by the agent to MTSO is the commission or fee or any similar amount, by whatever name called, received by it from MTSO and service tax is payable on such commission or fee.
4.	Whether service tax would apply on the amount charged separately, if any, by the Indian bank/entity/agent/sub-agent from the person who receives remittance in the taxable territory, for the service provided by such Indian bank/entity/agent/sub-agent	Yes. As the service is provided by Indian bank/entity/ agent/sub-agent to a person located in taxable territory, the Place of Provision is in the taxable territory. Therefore, service tax is payable on amount charged separately, if any.
5.	Whether service tax would apply on the services provided by way of currency conversion by a bank/ entity located in India (in the taxable territory) to the recipient of remittance in India?	Any activity of money changing comprises an independent taxable activity. Therefore, service tax applies on currency conversion in such cases in terms of the Service Tax (Determination of Value) Rules. Service provider has an option to pay service tax at prescribed rates in terms of Rule 6(7B) of the Service Tax Rules 1994.
6.	Whether services provided by sub-agents to such Indian Bank/entity located in the taxable territory in relation to money transfer is leviable to service tax?	Sub-agents also fall in the category of intermediary. Therefore, service tax is payable on commission received by sub-agents from Indian bank/entity.

5. Accordingly, Circular No. 163/14/2012-ST, dated 10.7.2012 stands superseded.

F. No 354/105/2012-TRU (Pt.)

Indonesia Settles with US on Clove Cigarettes, Accepts Ban in Return for Concessions

US Made Menthol Cigarettes to Substitute Indonesia Clove Cigarettes

Indonesia announced on Tuesday that it has reached an agreement with the US to settle its WTO dispute (DS406) concerning Washington's ban on the production and distribution of clove cigarettes, bringing the long-standing row to a close. The deal appears to keep the US ban in place, while making concessions to Indonesia in other trade areas.

The dispute has been one of the WTO's more high-profile, given that it highlighted the difficult issue of how to reconcile public health goals with international trade rules.

The case has been significant in terms of clarifying specific aspects of WTO law, namely the organisation's Technical Barriers to Trade (TBT) Agreement.

Together with separate cases on a US dolphin-safe labelling scheme and the US' country-of-origin labelling requirement for livestock and meat exports, the clove cigarettes case had raised the question of how to design technical regulations - such as those aimed at achieving other public policy objectives, like consumer health - without creating unnecessary obstacles to trade.

According to Jakarta's trade ministry, the two countries now have a Memorandum of Understanding, or MOU, in place that will bring the dispute to an end ''by way of a settlement accommodating to the interests of both parties involved.''

The news comes just a week after Washington announced it had reached a settlement in a separate WTO case with Brazil, this one involving US cotton subsidies.

Prolonged dispute

Dispute proceedings on the subject had kicked off at the WTO four years ago, with Indonesia filing a request for consultations in April 2010.

At issue in the case was the US' Family Smoking Prevention and Tobacco Control Act of 2009, which banned the production and sale of clove and most other flavoured cigarettes in the United States in the hopes of discouraging young people from smoking. However, menthol cigarettes were not included in the ban.

Among other claims, Jakarta had argued that menthol and clove cigarettes are like products, and that since menthol cigarettes consumed in the US are primarily US-produced, this gave them an unfair advantage over other flavoured cigarettes.

The 2009 ban had particular significance for Indonesia, the world leader in clove cigarette production. Prior to the prohibition, clove cigarettes consumed in the US were primarily imported from the island country.

The lawmaker cited alleged evidence that Kretek International, a company that imports clove tobacco products from Indonesia and had controlled 97 percent of the US clove cigarette market prior to the ban, had introduced clove-favoured cigars to circumvent the measure.

In August 2013, Indonesia asked the WTO's Dispute Settlement Body (DSB) to authorise retaliatory measures, the value of which was reportedly around US$55 million, against the US, claiming that Washington had not taken the necessary steps to bring its measures into compliance with global trade rules.

Beyond just ending the clove cigarette saga, Washington and Jakarta have agreed to intensify their trade and investment cooperation in the context of the Indonesia-US Trade and Investment Framework Arrangement (TIFA).

The US will also refrain from submitting any WTO challenges regarding Indonesia's controversial mineral export restrictions.

Other potential benefits to Jakarta from the deal include a pledge by the US to grant additional "facilities" under Washington's Generalised System of Preferences (GSP) scheme "that exceed certain value limitations for the next five years," without going into further detail.

The GSP expired in mid-2013, though renewal of the preference scheme is expected.

Additional cooperation in the area of intellectual property rights has also been promised. Furthermore, Bachrul said, the MOU does not eliminate the fact that the DSB has found Washington guilty of violating WTO agreements.

World Bank Pink Sheet – October 2014

Rubber Crashes to $1.64, Iron Ore Plummets $82!

Up ↑

Natural gas; Coconut oil and Copra

Groundnuts and Groundnut oil ; Meat beef and chicken

Urea and Rock phosphate

Down ↓

Coal; Crude; Cocoa; Coffee, arabica; Tea; Fishmeal

Palm oil and Palmkernel oil; Soybean meal, Soybean oil and Soybeans

Barley; Maize; Rice; Sorghum; Wheat; Bananas; Sheep meat

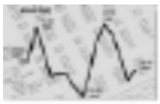
Sugar; Logs, Plywood and Sawnwood; Rubber

DAP and TSP; Aluminium, Copper, Iron Ore, Lead, Nickel, Tin and Zinc

Gold, Silver and Platinum

Steady ↔

Oranges; Shrimp; Woodpulp; Cotton; Potassium chloride



	Monthly averages				Quarterly averages					Annual averages		
	2014				2013		2014		2011	2012	2013	
	Jul	Aug	Sep		Jul-Sep	Oct-Dec	Jan-Mar	Apr-Jun	Jul-Sep	Jan-Dec	Jan-Dec	Jan-Dec
Energy												
Coal, Australia $/mt	68.8	68.9	65.9	↓	77.3	82.0	77.1	72.7	67.9	121.4	96.4	84.6
Coal, Colombia $/mt	66.1	68.8	65.5	↓	65.8	71.1	68.4	64.8	66.8	111.5	84.0	71.9
Coal, South Africa $/mt	71.4	71.2	67.9	↓	72.9	83.0	78.4	75.0	70.2	116.3	92.9	80.2
Crude oil, average $/bbl	105.2	100.1	95.9	↓	107.4	104.5	103.7	106.3	100.4	104.0	105.0	104.1
Crude oil, Brent $/bbl	107.0	101.9	97.3	↓	110.1	109.4	107.9	109.8	102.1	110.9	112.0	108.9
Crude oil, Dubai $/bbl	105.8	101.9	97.0	↓	106.2	106.7	104.4	106.1	101.5	106.0	108.9	105.4
Crude oil, WTI $/bbl	102.9	96.4	93.2	↓	105.8	97.4	98.7	103.1	97.5	95.1	94.2	97.9
Natural gas, Index 2010=100	103.4	101.0	102.9	↑	108.3	111.9	127.8	115.8	102.4	108.5	99.2	112.1
Natural gas, Europe $/mmbtu	9.3	9.1	9.2	↔	11.5	11.4	11.3	10.2	9.2	10.5	11.5	11.8
Natural gas, US $/mmbtu	4.0	3.9	3.9	↔	3.6	3.9	5.2	4.6	3.9	4.0	2.8	3.7
Natural gas, LNG Japan $/mmbtu	15.2	15.5	17.2	↑	15.6	15.7	16.7	16.4	16.0	14.7	16.6	16.0
Beverages												
Cocoa $/kg	3.20	3.27	3.22	↓	2.47	2.77	2.95	3.08	3.23	2.98	2.39	2.44
Coffee, arabica $/kg	4.34	4.70	4.64	↓	2.98	2.77	3.82	4.67	4.56	5.98	4.11	3.08
Coffee, robusta $/kg	2.24	2.21	2.22	↔	2.04	1.85	2.12	2.26	2.22	2.41	2.27	2.08
Tea, average $/kg	2.96	2.79	2.63	↓	2.79	2.82	2.65	2.80	2.80	2.92	2.90	2.86
Tea, Colombo auctions $/kg	3.51	3.49	3.34	↓	3.37	3.77	3.72	3.60	3.44	3.26	3.06	3.45
Tea, Kolkata auctions $/kg	3.29	2.86	2.68	↓	2.76	2.56	1.94	2.81	2.94	2.78	2.75	2.73
Tea, Mombasa auctions $/kg	2.10	2.03	1.89	↓	2.23	2.14	2.29	1.98	2.01	2.72	2.88	2.40
Food												
<u>Oils and Meals</u>												
Coconut oil $/mt	1,260	1,172	1,181	↑	912	1,175	1,343	1,387	1,204	1,730	1,111	941
Copra $/mt	861	770	785	↑	603	791	896	923	805	1,157	741	627
Fishmeal $/mt	1,806	1,773	1,723	↓	1,699	1,600	1,583	1,693	1,767	1,537	1,558	1,747
Groundnuts $/mt	1,260	1,260	1,308	↑	1,380	1,370	1,329	1,224	1,276	2,086	2,175	1,378
Groundnut oil $/mt	1,325	1,350	1,360	↑	1,694	1,537	1,311	1,228	1,345	1,988	2,436	1,773
Palm oil $/mt	841	766	709	↓	827	897	911	887	772	1,125	999	857
Palmkernel oil $/mt	1,116	943	904	↓	871	1,057	1,278	1,262	988	1,648	1,110	897
Soybean meal $/mt	502	509	468	↓	552	570	582	566	493	398	524	545
Soybean oil $/mt	888	857	851	↓	1,006	991	977	967	865	1,299	1,226	1,057
Soybeans $/mt	480	460	432	↓	527	555	552	518	457	541	591	538
Grains												
Barley $/mt	132.4	134.6	123.5	↓	191.0	150.7	129.5	137.9	130.1	207.2	240.3	202.2
Maize $/mt	182.7	176.4	163.1	↓	241.9	199.4	209.9	214.0	174.1	291.7	298.4	259.4
Rice, Thailand 5% $/mt	422.0	445.0	432.0	↓	477.3	442.7	443.7	393.3	433.0	543.0	563.0	505.9
Rice, Thailand 25% $/mt	375.0	414.0	411.0	↓	435.7	408.9	375.0	351.3	400.0	506.0	543.8	473.0
Rice, Thailand A1 $/mt	435.4	460.6	449.9	↓	440.5	411.8	426.7	397.8	448.6	458.6	525.1	474.0
Rice, Vietnam 5% $/mt	420.9	442.6	442.1	↔	383.1	397.2	391.2	388.6	435.2	513.6	434.4	392.4

	Monthly averages				Quarterly averages					Annual averages		
	2014				2013		2014		2011	2012	2013	
	Jul	Aug	Sep		Jul-Sep	Oct-Dec	Jan-Mar	Apr-Jun	Jul-Sep	Jan-Dec	Jan-Dec	Jan-Dec
Sorghum $/mt	193.0	185.4	174.3	↓	219.2	202.1	224.2	219.4	184.3	268.7	271.9	243.3
Wheat, US HRW $/mt	280.4	263.4	243.7	↓	305.8	308.0	297.1	322.1	262.5	316.3	313.2	312.2
Wheat, US SRW $/mt	218.3	220.4	202.8	↓	257.7	276.4	264.0	263.7	213.8	285.9	295.4	276.7
Other Food												
Bananas, EU $/kg	1.02	0.99	0.97	↓	0.98	0.94	1.05	1.14	0.99	1.12	1.10	1.02
Bananas, US $/kg	0.93	0.96	0.92	↓	0.93	0.93	0.95	0.92	0.94	0.97	0.98	0.92
Meat, beef $/kg	5.02	5.72	6.00	↑	3.89	4.03	4.23	4.30	5.58	4.04	4.14	4.07
Meat, chicken $/kg	2.48	2.49	2.50	↑	2.34	2.31	2.31	2.40	2.49	1.93	2.08	2.29
Meat, sheep $/kg	6.74	6.43	6.28	↓	5.56	6.06	6.32	6.70	6.49	6.63	6.09	5.65
Oranges $/kg	0.78	0.77	0.77	↔	1.14	0.83	0.78	0.84	0.77	0.89	0.87	0.97
Shrimp, Mexico $/kg	18.08	18.08	18.08	↔	15.15	16.70	17.09	17.75	18.08	11.93	10.06	13.84
Sugar, EU domestic $/kg	0.44	0.43	0.42	↔	0.43	0.44	0.45	0.45	0.43	0.45	0.42	0.43
Sugar, US domestic $/kg	0.55	0.56	0.56	↔	0.45	0.46	0.47	0.55	0.56	0.84	0.64	0.45
Sugar, World $/kg	0.40	0.38	0.35	↓	0.38	0.39	0.37	0.40	0.38	0.57	0.47	0.39
Raw Materials												
Timber												
Logs, Cameroon $/cum	474.0	466.1	451.8	↓	464.1	476.5	479.6	480.0	464.0	484.8	451.4	463.5
Logs, Malaysia $/cum	292.7	289.2	277.6	↓	301.1	296.3	289.8	291.5	286.5	390.5	360.5	305.4
Plywood ¢/sheets	536.9	530.4	509.1	↓	552.3	543.6	531.5	534.7	525.5	607.5	610.3	560.2
Sawnwood, Cameroon $/cum	818.2	800.3	781.6	↓	743.8	776.0	792.9	806.5	800.0	825.8	759.3	749.2
Sawnwood, Malaysia $/cum	930.6	910.3	889.0	↓	846.0	882.7	901.9	917.3	910.0	939.4	876.3	852.8
Woodpulp $/mt	875.0	875.0	875.0	↔	830.9	858.7	870.2	887.5	875.0	899.6	762.8	823.1
Other Raw Materials												
Cotton, A Index $/kg	1.85	1.63	1.62	↔	2.02	1.92	2.07	2.04	1.70	3.33	1.97	1.99
Rubber, RSS3 $/kg	2.02	1.85	1.64	↓	2.59	2.53	2.25	2.12	1.84	4.82	3.38	2.79
Rubber, TSR20 $/kg	1.69	1.66	1.53	↓	2.35	2.31	1.98	1.73	1.63	4.52	3.16	2.52
Fertilizers												
DAP $/mt	499.4	505.0	481.6	↓	432.1	366.1	476.1	458.9	495.3	618.9	539.8	444.9
Phosphate rock $/mt	110.0	110.0	115.0	↑	143.2	110.0	104.4	110.0	111.7	184.9	185.9	148.1
Potassium chloride $/mt	287.0	287.0	287.0	↔	391.9	341.6	314.0	287.0	287.0	435.3	459.0	379.2
TSP $/mt	411.5	417.5	410.0	↓	366.0	301.3	365.9	369.2	413.0	538.3	462.0	382.1
Urea, E. Europe $/mt	301.7	321.9	325.6	↑	307.5	313.9	337.5	296.0	316.4	421.0	405.4	340.1
Metals and Minerals												
Aluminum $/mt	1,948	2,030	1,990	↓	1,783	1,767	1,709	1,800	1,990	2,401	2,023	1,847
Copper $/mt	7,113	7,002	6,872	↓	7,086	7,163	7,030	6,795	6,996	8,828	7,962	7,332
Iron ore $/dmt	96	93	82	↓	133	135	120	103	90	168	128	135
Lead $/mt	2,193	2,237	2,117	↓	2,102	2,114	2,101	2,097	2,182	2,401	2,065	2,140
Nickel $/mt	19,118	18,600	18,035	↓	13,956	13,909	14,661	18,468	18,584	22,910	17,548	15,032
Tin $/mt	22,424	22,231	21,091	↓	21,314	22,897	22,636	23,146	21,915	26,054	21,126	22,283
Zinc $/mt	2,311	2,327	2,295	↓	1,861	1,909	2,026	2,071	2,311	2,194	1,950	1,910
Precious Metals												
Gold $/toz	1,311	1,295	1,237	↓	1,329	1,271	1,293	1,289	1,281	1,569	1,670	1,411
Platinum $/toz	1,492	1,446	1,359	↓	1,451	1,396	1,427	1,446	1,433	1,719	1,551	1,487
Silver $/toz	20.9	19.7	18.4	↓	21.4	20.8	20.5	19.7	19.7	35.2	31.1	23.8

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

World Bank to Put up $7bn for Trade Facilitation

The World Bank Group and the World Trade Organization (WTO) have agreed to enhance their co-operation in assisting developing and least-developed countries to better utilize trade facilitation programs which can help countries reduce trade costs and more fully engage in the global economy.

In July, the WTO launched its Trade Facilitation Agreement Facility, to ensure that no country is left behind and all are able to access the support they need. The Facility, which is designed to provide a fail-safe mechanism for developing countries that are unable to obtain support from the development community, will be available to help those countries implement the provisions of the Trade Facilitation Agreement - agreed on by all WTO Members at their December 2013 WTO meetings in Bali.

The WTO will work closely with partner organizations, including the World Bank Group, to identify sources of funding and support.

Today's announcement confirms that the two organizations will work closely together to ensure that support is available for all who need it under the terms of the Trade Facilitation Agreement.

DG Azevêdo and President Kim have agreed that their organizations will work together to prepare a joint World Bank Group/WTO Study on the role of trade in ending extreme poverty while boosting shared prosperity next year.

WTO General Council Meets on 7 Oct on TFA, Post Bali Work Halts

A meeting of the WTO's Trade Negotiations Committee (TNC) - which is tasked with the overall Doha talks - is scheduled next Monday, with the TFA stalemate set to be the main focus on the agenda.

The WTO chief has warned that a prolonged stalemate could have a "freezing effect" on the global trade body's other work, including on efforts to advance the remaining parts of the Doha Round negotiations.

He said "this kind of construct that, when you touch one piece, everything moves."

Sources say that meetings of the agriculture and non-agricultural market access committees have already shown signs of this difficulty, with members unable to agree on how - or whether - to advance any post-Bali work, given the current impasse. Many have reportedly raised the question of whether too much trust has been lost.

Questions are being raised on how a single member can block the WTO forever, the consensus principle itself is under fire!

The US said that discussions on TFA implementation are now at the General Council level, and should not be continued in the Preparatory Committee.

Swedish Cecilia Malmström Slated Next EU Trade Commissioner

If confirmed later this month as the EU's next Trade Commissioner, Cecilia Malmström will make one of her first objectives a political review of the 28-nation bloc's ongoing trade talks with the US, the Swedish politician told a meeting of the European Parliament Committee on International Trade earlier this week.

Malmström is one of the 28 commissioners-designate that were nominated by Juncker earlier this month. The European Parliament, which must sign off on the slate of commissioners as a whole, has been holding hearings with each official this week.

The official is currently part of José Manuel Barroso's outgoing College of Commissioners, helming the Commission on Home Affairs. (See Bridges Weekly, 18 September 2014)

Malmström's testimony comes in the middle of the seventh round of TTIP negotiations, which are being held from 29 September-3 October in Chevy Chase, Maryland.

The size and scope of the deal has made it both high-profile and controversial. The talks were launched over a year ago with the aim of reducing trade barriers and generating job opportunities and economic growth on both sides of Atlantic. The last round of negotiations was held in Brussels in July.

ISDS in focus

In the questioning that followed her opening remarks, Malmström was asked various questions over the issue of investor-state dispute settlement (ISDS) with relation to TTIP. The US has made clear that it would like to see this provision in a final deal.

Earlier this year, the portion of the TTIP talks dealing with investment protections was suspended, after the European Commission decided to hold a public consultation on the subject.

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See details in www.worldtradescanner.com

Customs Valuation Exchange Rates

2 October 2014		Imports	Exports
Schedule I [Rate of exchange of one unit of foreign currency equipment to Indian Rupees]			
1	Australian Dollar	54.35	52.90
2	Bahrain Dinar	168.65	159.45
3	Canadian Dollar	55.75	54.50
4	Danish Kroner	10.65	10.30
5	EURO	79.00	77.10
6	Hong Kong Dollar	8.05	7.90
7	Kuwaiti Dinar	220.65	208.10
8	New Zealand Dollar	48.75	47.35
9	Norwegian Kroner	9.75	9.45
10	Pound Sterling	101.25	99.00
11	Singapore Dollar	48.95	47.90
12	South African Rand	5.60	5.30
13	South Arabian Riyal	16.95	16.00
14	Swedish Kroner	8.70	8.45
15	Swiss Franc	65.40	63.85
16	UAE Dirham	17.30	16.35
17	U.S. Dollar	62.30	61.30
Schedule II [Rate of exchange of 100 units of foreign currency equivalent to Indian rupees]			
1	Japanese Yen	56.90	55.55
2	Kenyan Shilling	71.35	67.25

(Source: Customs Notification 96(NT)/01.10.2014)

Owned, Edited, Published and Printed by Arun Goyal and Printed at Mercury Printers, 602 Choori Walan, Delhi
Published from 24/4866, Sheeltara House, Ansari Road, New Delhi 110002. (INDIA) Phone: 2328 1314; Fax: 91-11-2324 0230
Email:academy.delhi@gmail.com; Website: worldtradescanner.com
This issue contains 8 pages in all (Page 209 to 216)