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India's Rupee Declines before Federal Reserve Policy Decision

India's rupee fell the most in more than a week with investors favoring the dollar as the Federal Reserve meets to review its stimulus that has supported emerging-market inflows.

The U.S. monetary authority will maintain its $85 billion of monthly bond purchases until March, as data showed on 29 October U.S. consumer confidence fell and an Oct. 22 report revealed jobs growth slowed in September. India's central bank on 29 October raised its benchmark repurchase rate to 7.75 percent from 7.50 percent.

"Given that the delay in tapering by the Fed has been largely priced in, risk assets will likely be bound in a relatively tight trading range" before the results of the Fed meeting are known, Credit Agricole CIB analysts including Hong Kong-based Anthony Lam wrote in a research report on 30 October. In India, "given the recent rebound in inflation pressure and yet tepid growth, the bar to adjust policy rates in either direction will be high in the coming months."

The rupee fell 0.3 percent to 61.5225 per dollar in Mumbai. One-month implied volatility, a gauge of expected moves in the exchange rate used to price options, dropped 27 basis points, or 0.27 percentage point, to 10.18 percent. The U.S. Dollar Index, which tracks the greenback against six major counterparts, rose for the fourth day.

The Reserve Bank of India said wholesale-price inflation may stay higher than current levels through most of the rest of the year, with consumer inflation probably around or above 9 percent. The WPI gauge rose 6.46 percent in September, official data show. The central bank also cut its projection for economic growth in the 12 months that began April 1 to 5 percent from 5.5 percent.

Three-month onshore rupee forwards fell 0.2 percent to 62.86 per dollar. Offshore non-deliverable contracts dropped 0.2 percent to 62.95. Forwards are agreements to buy or sell assets at a set price and date. Non-deliverable contracts are settled in dollars.

India Seals China in Border

Chinese Premier Li Keqiang and Indian counterpart Manmohan Singh signed an agreement to resolve border disputes that have hampered ties between the world's two most populous nations for the past five decades.

Under the agreement, India and China will avoid making threats to use force against each other and refrain from seeking"unilateral superiority" along their 3,500-kilometer (2,175-mile) border. Both sides agreed to exchange information on military exercises and show "maximum restraint" in the event border forces come into contact.

"When India and China shake hands, the world takes notice," Singh said at a joint briefing with Li on 23 October during a three-day trip to Beijing. "My visit to China has put our relations on a path of stable and fast growth."

The pact signals a warming in ties as India seeks to reduce its trade deficit with China, which has contributed to a 13 percent drop in the rupee against the dollar over the past year. A military standoff in April marked the most serious incident in a quarter century between the nuclear-armed neighbors on the Himalayan border where India and China fought a brief war in 1962.

'Significant' Agreement

The border agreement is evidence that relations between China and India are becoming "mature and rational," Chinese foreign ministry spokeswoman Hua Chunying told reporters in Beijing on 23 October. It will build on previous "good experiences and practices," she said.

India and China should avoid a strategic rivalry and focus on working together to boost living standards, Singh said in a speech on 24 October at the Communist Party's main training school in Beijing that was broadcast on Indian television stations.

"We both know that the benefits of cooperation far outweigh any presumed gains from containment," Singh said. "What is at stake is the future of India and China; indeed, what may be at stake is the future of our region and our world."

Indian Wheat Exports Seen at Record on Government Price Cut

Wheat shipments from India, the second-largest grower, may climb to a record as the government cuts the price for overseas sales, adding to supplies in a year when farmers are reaping the biggest global harvest ever.

Shipments are set to jump 32 percent to 7 million metric tons in the 12 months starting April 1 from 5.3 million tons a year earlier, according to Agrocorp International Pte, a Singapore-based trader. The food ministry has proposed that the government cut the minimum price to $260 a ton from $300 to reduce state reserves that are more than double normal needs and a decision may be made this week, officials said Oct. 24.

Futures in Chicago rebounded 7.6 percent since reaching a 14-month low in August on speculation dry weather in Argentinaand rains in Russia would hurt crops, even as the

U.S. government predicts the global harvest will jump 8.2 percent to 708.9 million tons. The rally could fade should India ship more wheat than expected, according to Rabobank International.

Wheat declined 12 percent to $6.84 a bushel on the Chicago Board of Trade this year and reached a low of $6.355 on Aug. 14. Corn plunged 38 percent and the Standard & Poor's GSCI index of eight agricultural commodities fell 18 percent.

Black Sea

Supplies from India compete with Black Sea milling wheat that contains 11.5 percent protein, said Tejinder Narang, an adviser with Emmsons International Ltd. (EMSI), a New Delhi-based exporter. Prices of this variety increased about 11 percent to as much as $277 a ton from $250 in August, while grain with 12.5 percent protein climbed 9.6 percent to $285, said Narang.

In Russia, planting of winter grain may be 4 million hectares (9.9 million acres) less than intended, with the most impact on wheat, Oil World said Oct. 15. The worst drought in 50 years in areas of Argentina, South America's biggest exporter, resulted in "irreversible damage" to the crop, the Hamburg-based researcher said Oct. 22.

Wheat from India can fetch about $275 a ton free on board ship in Middle East, African and Asian markets and has a"natural geographical advantage" because of lower freight costs to those buyers, said Narang.

Imports by China, the top consumer, may more than triple to 9.5 million tons and tie with Egypt as the world's biggest, according to the U.S. Department of Agriculture. Buying by Brazil and China to replenish inventories helped spur a 3.7 percent advance in prices last month, the most since April.

State stockpiles in India totaled 36.1 million tons at the start of this month compared with a normal requirement of 14 million tons, according to Food Corp. of India. The government buys about 30 percent of rice and wheat production from farmers at prices set by the state.

The harvest is estimated at 92.5 million tons in the year ended June, near the record 94.9 million tons a year earlier, according to the farm ministry. Shipments totaled 2.65 million tons between April 1 and Sept. 20 including 1.3 million tons from state reserves, government data show.

Palm Oil Extends Rally to Eight-Month High on Supply Concerns

Palm rallied to the highest level in eight months on speculation that output in Malaysia, the world's second-largest producer, will drop starting next month because of growing cycles and the onset of monsoon.

The contract for delivery in January advanced as much as 2.3 percent to 2,555 ringgit ($810) a metric ton on the Bursa Malaysia Derivatives, matching the intraday high for futures on Feb. 22, before trading at 2,551 ringgit by the midday break. Palm for physical delivery in November was at 2,540 ringgit.

While palm oil is produced year-round, output peaks from July to October, before tapering off. Prices are heading for a 10 percent gain this month, the most since December 2010, on expectation that the monsoon season that usually begins in November would slow production. The 14-day relative strength index for futures was at 73.5, the highest since Aug. 28. Some traders see readings above 70 as a sign that a drop is imminent.

Refined palm oil for May delivery jumped 3.7 percent to 6,332 yuan ($1,039) a ton on the Dalian Commodity Exchange and soybean oil climbed 2.3 percent to 7,220 yuan.

Soybeans for delivery in January climbed 0.6 percent to $12.78 a bushel on the Chicago Board of Trade, while soybean oil for December gained 1.5 percent to 41.59 cents a pound.

Gold Swings as Investors Weigh Fed Policy Meeting, China

Gold fluctuated before U.S. Federal Reserve policy makers conclude a meeting on 30 October as investors weighed the prospects for a reduction in stimulus with signs that demand in China may be slowing.

Bullion for immediate delivery rose and fell at least 0.3 percent before trading little changed at $1,345.60 an ounce in Singapore. Cash prices in Shanghai were at a discount to those overseas for four of the past seven days, signaling demand may be waning in the second-largest user, according to Dalian Fortune Futures Co. analyst Wang Weimin.

Gold rebounded this month on speculation the Fed won't slow asset purchases until next year after a government shutdown hurt the economy. Policy makers last month unexpectedly refrained from reducing stimulus. BlackRock Inc. Chief Executive Officer Laurence D. Fink said yesterday it's imperative that tapering begins as the policy is contributing to "bubble-like markets."

Gold declined 20 percent in 2013, heading for the first annual loss since 2000. The U.S. central bank will pare the $85 billion in monthly bond buying at its March meeting.

Chinese Demand

Volumes for cash gold of 99.99 percent purity on the Shanghai Gold Exchange were 7,879 kilograms on 29 October, bourse data show, from an average of 12,069 kilograms a day last month. Volumes were a record 43,272 kilograms on April 22, when the metal's slump into a bear market spurred a buying frenzy.

Spot bullion in Shanghai was $2.9149 an ounce cheaper than the price in London on Oct. 28. It was also cheaper on Oct. 22, Oct 24 and Oct. 25, the calculations show.

Gold for delivery in December fell as much as 0.5 percent to $1,338.30 an ounce, dropping for a third day, and traded at $1,346.20 on the Comex. Trading volume was 35 percent below the average for the past 100 days for this time of day.

Indonesia Seen Avoiding Total Ban on Mineral-Ore Exports in 2014

Indonesia may refrain from a complete ban on mineral-ore shipments in 2014 as the country needs the revenue to offset declining income from the oil and gas industry, said an adviser to the industry ministry.

Earnings from ore exports may reach $10 billion in 2013 and proceeds from mining and metals represent more than 6 percent of the national budget, Soemantri Widagdo said at a conference in Singapore on 30 October. Revenue is growing and makes a complete ban unlikely, he said. While he advises the ministry on metals policy, he said the views were his own and he wasn't speaking on behalf of the government.

The proposed ban is part of wider efforts by Indonesia to increase the value of commodity exports and strengthen control over supply. China, the world's biggest user of industrial metals, sourced 56 percent of its nickel ore imports and 67 percent of its bauxite needs from Indonesia in the first nine months.

"In the past few years, the contribution of the oil and gas industry to our GDP has been declining and the contribution from non-oil and gas has been increasing," said Widagdo. "We don't want to stop exports by 100 percent."

Most revenue this year is from exports of bauxite, nickel and copper ores, and minerals containing iron, said Widagdo. One way to avoid a total ban is to increase tariffs, he said.

While the country plans to halt ore shipments, the government is studying exemptions for mining companies that have smelters or plan to build them. The chances that Indonesia will ban sales are 50-50, according to Glencore Xstrata Plc. (GLEN)

Merkel Signals Support for ETS "Backloading" Proposal

Newly re-elected German Chancellor Angela Merkel voiced her support last week for a proposal that would temporarily delay the auctioning of 900 million carbon permits in the EU's Emissions Trading System (EU ETS). The practice, known as "backloading," aims to reduce the glut of unsold carbon allowances in the scheme, which has helped drive prices to dangerous lows and sparked questions over the ETS' long-term viability.

Under EU rules, changes in legislation must have the approval of the European Commission-which proposed the "backloading" measure - as well as the European Parliament and EU member states. While the European Parliament approved the proposal earlier this year, Germany had been undecided on its position, reportedly leaving EU member states deadlocked.

The chancellor's previous government had been divided on the subject, with her coalition partner-the junior Free Democrats - opposing the measure. The makeup of the new coalition, some suggest, could be more open to the policy change.

WEEKLY INDEX OF CHANGES

LCS Petrapole/Benapole and Agartala Port Notified for Import of New Motorcycles

Subject: Import of new motorcycles from Bangladesh through Land Customs Stations (LCSs) across Indo-Bangladesh Border.

46-Ntfn(RE) 23.10.2013 (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 and para 2.13 of the Foreign Trade Policy, 2009-2014, as amended from time to time, the Central Government hereby makes the following amendment in Chapter 87 of ITC(HS) 2012 Schedule 1 (Import Policy):

2. The following sentence is added at the end of Policy Condition 2(II)(d) of Chapter 87 to ITC (HS) 2012, Schedule 1 (Import Policy):

"In addition, import of new motorcycles is also permitted through LCS, Benapole/Petrapole and LCS, Agartala."

3. After amendment, Policy Condition 2(II)(d) of Chapter 87 shall be as under:

"The import of new vehicles shall be permitted only through the Customs port at Nhava Sheva, Kolkata, Chennai, Chennai Airport, Cochin, ICD Tughlakabad and Delhi Air Cargo, Mumbai Port and Mumbai Air Cargo Complex, ICD Talegaon Pune, ICD Faridabad and Ennore Port. ***In addition, import of new motorcycles is also permitted through LCS, Benapole/Petrapole and LCS, Agartala.***"

Effect of Public Notice

In addition to the existing 12 Ports / ICDs, 2 more LCSs (Benapole/Petrapole & Agartala) across Indo-Bangladesh Border are permitted for importing new motorcycles.

Red Sanders Wood Export Quota of 9784.1363 MTs Released

Subject: Relaxation in export policy for export of Red Sanders wood.

47-Ntfn(RE) 24.10.2013 (DGFT) In exercise of powers conferred by Section 5 of the Foreign Trade (Development & Regulation) Act, 1992, as amended, read with paragraph 1.3 of the Foreign Trade Policy, 2009-14 the Central Government hereby makes the following amendments in respect of Sl. No. 188 of Schedule 2 of ITC(HS) Classifications of Export and Import Items as under:

"The condition stipulated in Column 5 against S. No.188 of Chapter 44 of Schedule 2 of the ITC(HS) Classifications of Export and Import Items shall be relaxed to allow export of 9784.1363 MT of Red Sanders wood, in the form of log obtained out of confiscated/seized stock from the Government of Andhra Pradesh & Directorate of Revenue Intelligence (DRI)".

2. (i) Government of Andhra Pradesh is hereby permitted to export 8584.1363 MTs of Red Sanders wood in log form, either by itself or through any entity/entities so authorized by them for the purpose.

(ii) Such entity/entities or Government of Andhra Pradesh, as the case may be, shall be granted export authorization by the concerned Regional Authority of DGFT upon production of quantity allocation letter from Government of Andhra Pradesh.

3. (i) Directorate of Revenue Intelligence (DRI) is hereby permitted to export 1200 MTs of Red Sanders wood in log form, either by itself or through any entity/entities so authorized by them for the purpose.

(ii) Such entity/entities or DRI, as the case may be, shall be granted export authorization by the concerned Regional Authority of DGFT upon production of quantity allocation letter from DRI.

4. Government of Andhra Pradesh/DRI shall finalize the modalities including allocation of quantities to various entities, as applicable, for export of the respective quantities within 6 months of issue of this notification and such export must be completed within 6 months thereafter. The whole process of export shall be completed latest by 31st October, 2014.

5. Effect of this notification

Prohibition on export of Red Sanders wood in log form has been relaxed for export of 9784.1363 MT of Red Sanders wood in log form through Government of Andhra Pradesh & Directorate of Revenue Intelligence (DRI).

Rs. 155 per Sqm Dumping Duty Imposed on Foshan Qiangbiao Ceramic and Sheenway Corpn in Vitrified Porcelain Tiles Case

Ntfn 25-ADD 22.10.2013 (DoR) Whereas, in the matter of import of vitrified and porcelain tiles, (hereinafter referred to as the subject goods), falling under Chapter 69 of the First Schedule to the Customs Tariff Act, 1975 (51 of 1975) (hereinafter referred to as the Customs Tariff Act) and originating in, or exported from the People's Republic of China (China PR) or United Arab Emirates (UAE) (hereinafter referred to as the subject countries), the designated authority, *vide* its final findings in notification No.37/1/2001-DGAD dated the 4th February, 2003 in the original anti-dumping case published in the Gazette of India, Extraordinary, Part I, Section 1, dated the 4th February, 2003 had recommended imposition of anti-dumping duty on all imports of vitrified and porcelain tiles from subject countries in order to remove the injury to the domestic industry;

And whereas, on the basis of the aforesaid findings of the designated authority, the Central Government had imposed an anti-dumping duty on subject goods falling under Chapter 69 of the First Schedule to the Customs Tariff Act, originating in or exported from the subject countries and imported into India *vide* notification of the Government of India in the Ministry of Finance (Department of Revenue), No. 73/2003-Customs, dated the 1st May, 2003, published in Part II, Section 3, Sub-section (i) of the Gazette of India, Extraordinary, G.S.R. 376(E) dated the 1st May, 2003;

And whereas, in the matter of sunset review of anti-dumping duty on import of the subject goods, originating in, or exported from the subject countries, the designated authority *vide* its findings, No. 15/17/2006-DGAD, dated the 21st April, 2008, published in the Gazette of India, Extraordinary, Part I, Section 1, dated the 23rd April, 2008 subsequently amended *vide* Notification No. 15/17/2006-DGAD, dated the 21st May, 2008, published in the Gazette of India, Extraordinary, Part I, Section 1, had recommended continued imposition of the anti-dumping duty on the subject goods originating in, or exported from China PR in order to remove injury to the domestic industry;

And whereas, on the basis of the aforesaid findings of the designated authority, the Central Government had imposed an anti-dumping duty on subject goods falling under heading 6907 or 6908 or 6914 of the First Schedule to the Customs Tariff Act, originating in or exported from China PR and imported into India *vide* notification of the Government of India in the Ministry of Finance (Department of Revenue), No. 82/2008-Customs, dated the 27th June, 2008 published in Part II, Section 3, Sub-section (i) of the Gazette of India, Extraordinary, G.S.R. 485(E) dated the 27th June, 2008;

And whereas, M/s Foshan Qiangbiao Ceramics Co. Ltd, China PR (producer) through M/s Sheenway Corporation Ltd., Hong Kong (exporter) had requested for review in terms of rule 22 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 respect of exports of the subject goods made by them, and the designated authority, *vide* new shipper review notification No. 15/20/2011-DGAD dated the 19th April, 2012, published in the Gazette of India, Extraordinary, Part I, Section 1, dated the 19th April, 2012, had recommended provisional assessment of all exports of the subject goods made by the above stated party when imported into India, till the completion of the said review;

And whereas, in exercise of the powers conferred by sub-rule (2) of rule 22 of the said rules, the Central Government, after considering the aforesaid recommendation of the designated authority, *vide*, notification of the Government of India in the Ministry of Finance (Department of Revenue), notification No. 35/2012-Customs (ADD), dated the 10th July, 2012, published in Part II, Section 3, Sub-section (i) of the Gazette of India, Extraordinary, *vide* number G.S.R. 551 (E), dated the 10th July, 2012 had ordered that pending the outcome of the said review by the designated authority, the subject goods, when exported by M/s Foshan Qiangbiao Ceramics Co. Ltd, China PR (producer) through M/s Sheenway Corporation Ltd., Hong Kong (exporter) and imported into India, shall be subjected to provisional assessment till the review is completed;

And whereas, the designated authority in the matter of new shipper review initiated *vide* notification No. 15/20/2011-DGAD dated the 19th April, 2012, published in the Gazette of India, Extraordinary, Part I, Section 1, dated the 19th April, 2012*, vide* its final findings in notification No. 15/20/2011-DGAD dated the 24th July, 2013, published in the Gazette of India, Extraordinary, Part I, Section 1, dated the 24th July, 2013 has concluded that no individual dumping margin is justified in respect of exports of the subject goods made to India by by M/s Foshan Qiangbiao Ceramic Co. Ltd, Foshan, China PR (Producer) through M/s Sheenway Corporation Ltd., Hong Kong and has accordingly recommended that M/s Foshan Qiangbiao Co. Ltd, China PR (Producer) and M/s Sheenway Corporation Ltd., Hong Kong (Exporter) shall be liable for payment of the residual rate of duty in Indian rupees at the rate of ‘155 per square meter as applicable vide notification No 82/ 2008-Customs dated the 27th June, 2008 in respect of exports of vitrified and porcelain tiles falling under Chapter 69 of the Customs Tariff Act, 1975 originated in or exported from China PR;

Now, therefore, in exercise of the powers conferred by sub-section (1) of section 9A of the Customs Tariff Act, read with rules 18, 20, 22 and 23 of the said rules, the Central Government, hereby orders that all imports of the subject goods by M/s Foshan Qiangbiao Ceramics Co. Ltd, China PR (producer) through M/ s Sheenway Corporation Ltd., Hong Kong (exporter) which have been subjected to provisional assessment pursuant to the notification of the Government of India in the Ministry of Finance (Department of Revenue), No. 35/2012-Customs (ADD), dated the 10th July, 2012, published in Part II, Section 3, Sub-section (i) of the Gazette of India, Extraordinary, *vide* number G.S.R. 551 (E), dated the 10th July, 2012 shall be subjected to final assessment on the payment of anti-dumping duty of ‘ 155 per square meter.

[F. No. 354/ 214/2001-TRU (Pt.4)]

Provisional Anti-dumping Duty Imposed on Methylene Chloride from EU, USA and Korea

Ntfn 24-ADD 21.10.2013 (DoR)

WHEREAS in the matter of Methylene Chloride (hereinafter referred to as the subject goods), falling under Chapter 29 of the First Schedule to the Customs Tariff Act, 1975 (51 of 1975), originating in, or exported from the European Union, United States of America and Korea RP (hereinafter referred to as the subject countries), and imported into India, the designated authority in its preliminary findings published in the Gazette of India, Extraordinary, Part I, Section 1,*vide* notification No. 14/19/2012-DGAD, dated the 6th September, 2013, had come to the conclusion that –

(a) the subject goods have been exported to India from the subject countries below its normal value;

(b) the domestic industry has suffered material injury in respect of the subject goods;

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

AND WHEREAS, the designated authority in its aforesaid findings, has recommended imposition of provisional anti-dumping duty on imports of the subject goods, originating in or exported from the subject countries and imported into India, in order to remove injury to the domestic industry;

NOW, THEREFORE, in exercise of the powers conferred by sub-sections (1) and (5) of section 9A of the Customs Tariff Act, 1975 (51 of 1975), read with rules 13 and 20 of the Customs Tariff (Identification, Assessment and Collection of Anti-dumping Duty on Dumped Articles and for Determination of Injury) Rules, 1995, the Central Government, after considering the aforesaid preliminary findings of the designated authority, hereby imposes on the subject goods**,** the description of which is specified in column (3) of the Table below, falling under sub-heading of the First Schedule to the said Customs Tariff Act as specified in the corresponding entry in column (2), originating in the country as specified in the corresponding entry in column (4), and produced by the producer as specified in the corresponding entry in column (6), when exported from the country as specified in the corresponding entry in column (5), by the exporter as specified in the corresponding entry in column (7), and imported into India, an anti-dumping duty at the rate equal to the amount as indicated in the corresponding entry in column (8), in the currency as specified in the corresponding entry in column (10) and as per unit of measurement as specified in the corresponding entry in column (9) of the said Table.

Table

SNo.	Sub-heading	Description of goods	Country of origin	Country of Export	Producer	Exporter	Amount	Unit of measure-ment	Currency
(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)	(9)	(10)
1	2903 12	Dichloromethane (Methylene Chloride)	European Union	European Union	M/s. Akzo Nobel Industrial Chemicals B.V, Netherlands	M/s. Akzo Nobel Industrial Chemicals B.V, Netherlands	0.32	Kg	US Dollar
2	2903 12	-do-	European Union	European Union	Any other than combination at SNo. 1		0.36	Kg	US Dollar
3	2903 12	-do-	Any country other than subject countries	European Union	Any	Any	0.36	Kg	US Dollar
4	2903 12	-do-	European Union	Any country other than subject countries	Any	Any	0.36	Kg	US Dollar
5	2903 12	-do-	United States of America	United States of America	Any	Any	0.33	Kg	US Dollar
6	2903 12	-do-	Any country other than subject countries	United States of America	Any	Any	0.33	Kg	US Dollar
7	2903 12	-do-	United States of America	Any country other than subject countries	Any	Any	0.33	Kg	US Dollar
8	2903 12	-do-	Korea RP	Korea RP	Any	Any	0.21	Kg	US Dollar
9	2903 12	-do-	Any country other than subject countries	Korea RP	Any	Any	0.21	Kg	US Dollar
10	2903 12	-do-	Korea RP	Any country other than subject countries	Any	Any	0.21	Kg	US Dollar

2. The anti-dumping duty imposed under this notification shall be levied for a period not exceeding six months (unless revoked, amended or superseded earlier) from the date of publication of this notification in the Gazette of India and shall be paid in Indian currency.

Explanation. - For the purposes of this notification, rate of exchange applicable for the purposes of calculation of such anti-dumping duty shall be the rate which is specified in the notification of the Government of India, in the Ministry of Finance (Department of Revenue), issued from time to time, under section 14 of the Customs Act, 1962 (52 of 1962) and the relevant date for determination of the rate of exchange shall be the date of presentation of the bill of entry under section 46 of the said Customs Act.

[F.No.354/199/2013 –TRU]

Procedure for Closure of EO Default Cases

Subject: Procedure for closure of cases of default in Export Obligation under Public Notice No.22 dated 12.08.13

08-Pol.Cir
25.10.2013
(DGFT)

Public Notice No.22, dated 12.08.2013, provides an option for redemption/ regularisation of old cases of default in export obligation under (a)Duty exemption; and (b) EPCG Scheme. Para (d) of this Public Notice provides that necessary procedure including a system of filing required reports by the respective RAs would be indicated separately.

2. The following procedure is accordingly prescribed:

(i) An applicant intending to regularize the case has to pay custom duty and interest to the concerned Custom Authority and submit evidence in this regard to the concerned RA.

(ii) Based on the evidence of such payment and other relevant documents, as required under HBP vol.1, concerned RA may close the case and issue a closure letter.

(iii) Para (b) of Public Notice No. 22 (RE-2013)/2009-2014 dated 12.08.13 is applicable to all pending cases of EO default. Hence, even cases which have already been adjudicated (or pending adjudication), either originally or in appeal, can also be regularized under this Public Notice. The procedure for regularization of such cases would be as under:

(a) In respect of cases which have already been adjudicated (or pending adjudication) and where appeal has not been filed, firms will produce a copy of this closure letter from the concerned RA, to the Adjudicating Authority.

(b) In case an appeal has been filed, then this closure letter will have to be submitted to the Appellate Authority.

On submission of such closure letter Adjudicating Authority/Appellate Authority will decide on closure of such case/appeal and will inform the same to the firm and to the concerned RA.

(iv) Facility under Public Notice No.22, dated 12.08.2013, is available only till 31.03.2014. This facility shall not be extended further. Hence, exporters may make use of this facility for closure of all pending cases.

(v) RA's will send a monthly report on the cases closed under this Public Notice to DGFT Headquarters by the 5th of succeeding month. Reports for Advance Authorizations may be sent to latha.s@nic.in and reports for EPCG authorizations may be sent to dvsp.varma@nic.in. The proforma for reporting is as under:

Report from RA________ for the Month of ________.

SNo.	F.No. in RA	Name of Authorization Holder	Number and Date of issue of Authorization	Custom Duty paid	Interest paid	Date of submission of request	Date of closure of case

3. This issues with the approval of DGFT.

332 Items Identified in 5% Plus Export Decline in 2012-13 Period for Refixation of Annual Export Obligation

Subject: Operationalisation of provisions of Para 5.11.2 of Hand Book of Procedure Vol.-1 (2009-14) [RE: 2013]

07-Pol.Cir
23.10.2013
(DGFT)

Para 5.11.2 of the Hand Book of Procedure Volume 1 (HBP v1) permits re-fixation of Annual Average Export Obligation, in case the export in any sector/ product group declines by more than 5%. This implies that for the sector/product group that witnessed such decline in 2012-13 as compared to 2011-12, would be entitled for such relief.

2. A list of such product groups showing the percentage decline in exports during 2012-13 as compared to 2011-12 is **enclosed**.

3. All Regional Offices are requested to re-fix the annual average export obligation for EPCG Authorizations for the year 2012-13 accordingly. Reduction, if any, in the EO should be appropriately endorsed in the licence file of the office of RA as also in the Amendment Sheet to be issued to the EPCG Authorisation holder.

4. Regional Offices while considering requests of discharge of Export Obligation will ensure that in case of shortfall of Export Obligation Policy Circulars earlier issued in terms of Para 5.11.2 of HBP 2009-14 are also considered before issuance of demand notice etc. This stipulation should also form part of Check-Sheet for the purpose of EODC.

5. This issues with the approval of DGFT.

[List of Product Groups which experienced a decline in exports in 2012-13 as compared to 2011-12 (11 pages) is available at our website www.worldtradescanner.com]

Service Tax Exempted on Food and Beverages Served by Canteens Maintained in a Factory

14-ST
22.10.2013
(DoR)

In exercise of the powers conferred by sub-section (1) of section 93 of the Finance Act, 1994, (32 of 1994), 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.25/2012-Service Tax, dated the 20th June, 2012, namely:-

In the said notification, in the opening paragraph, after entry 19, the following entry shall be inserted, namely:-

"19A. Services provided in relation to serving of food or beverages by a canteen maintained in a factory covered under the Factories Act, 1948 (63 of 1948), having the facility of air-conditioning or central air-heating at any time during the year.".

[F. No. B1/13/2013-TRU]

Rupee Value under Indo-USSR Deferred Payment Protocol Revised to Rs. 83.819978 w.e.f. 17 Oct 2013

Sub: Deferred Payment Protocols dated April 30, 1981 and December 23, 1985 between Government of India and erstwhile USSR

AP(DIR Srs)
Cir.64
22.10.2013
(RBI)

Attention of Authorised Dealer Category-I (AD Category-I) banks is invited to A.P. (DIR Series) Circular No.55 dated September 26, 2013, wherein the Rupee value of the Special Currency Basket was indicated as Rs.86.903352 effective from September 13, 2013.

2. AD Category-I banks are advised that a further revision has taken place on October 11, 2013 and accordingly, the Rupee value of the Special Currency Basket has been fixed at Rs.83.819978 with effect from October 17, 2013.

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

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

Finished Leather Inputs SIONs for Hide of Cow, Buffalo, Skin of Goat and Sheep Amended

32-PN(RE) 23.10.2013 (DGFT) In exercise of the powers conferred under Paragraph 2.4 of the Foreign Trade Policy, 2009-2014 and Paragraph 1.1 of Handbook of Procedures (Vol.1), the Director General of Foreign Trade hereby makes the following amendment/modifications in the Handbook of Procedures, Vol.II (SION Book):-

2. The entries No.G-7 and G-46 of Leather and Leather Product in the Standard Input Output Norms (SION) are revised as per **Annex-I** and **Annex-II** respectively.

3. Effect of Public Notice

In SIONs at entry G-7 and G-46 certain input items have been amended/ changed. These are in the nature of (a) deletion, (b) change in the description, and (c) technical specification detailed. No changes have been made either in description of concerned export product or in the permissible quantity of relevant inputs (in some cases, input has been deleted).

Annexure-I

Revised Standard Input output norms G-7.

G7	Finished Leather from Hide of Cow / Buffalo	1000 Sq. Ft.	1		Preservative (as per Sl. No.3 of General Note for Leather & Leather Products)	2 kgs
			2		Wetting Agent	10 kgs
			3		Soaking Enzyne (other than used in Food Processing Industry)	5 kgs
			4		Unhairing Agent:	
				a)	Sodium Sulphide	5 kgs
				b)	Sulfohydrate	5 kgs
			5		Leather Liming Auxiliaries	2.5 kgs
			6		Deliming Agent	10 kgs
			7		Bating Agent (other than Potassium Carbonate)	5 kgs
			8		Leather Degreasing Agent (Fatty Alcohol/Esters Fatty Acid Derivatives)	5 kgs
			9		Bleaching Agents (Sodium Bisulfite/ Hydrogen Peroxide/ Sodium Chlorite/ Potassium Per-Manganate)	2.5 kgs
			10		Formic Acid	10 kgs
			11		Acetic Acid	5 kgs
			12		Chrome Tanning Agent:	Deleted
				a)	For Full Chrome Tanned Leather	50 kg
					(i) Chrome Tanning Agent/ Relevant Reducing Agent/ Masking Agent	
					(ii) Vegetable Tanning agent such as Wattle or Mimosa/ Quebracho and Supplementary Vegetable Tanning agents such as Chestnut/Tara/Sumac/Re-tanning agent such as Cutch.	20 kg
				b)	For Vegetable Tanned Leather Main vegetable tanning agents such as Wattle or Mimosa/ Quebracho, Re-tanning agents such as Cutch and supplementary Vegetable Tanning agents such Chestnut/ Tara/Sumac subject to the condition that Supplementary Tanning Agents shall be allowed a maximum of 30 kg. (Betal nut/ Areca nut is not allowed)	150 kg
				c)	For Vegetable - Chrome Combination Tanned Leather (Semi-Chrome tanned Leather)	
					(i) Vegetable Tanning Agent such as Wattle or Mimosa/ Quebracho, Re-tanning agents such as Cutch and supplementary Vegetable Tanning agents such Chestnut/Tara/Sumac subject to the condition that Supplementary Tanning Agents shall be allowed a maximum of 30 kg.	150 kg
					(ii) Chrome Tanning Agent/Relevant Reducing Agent/Masking Agent	22 kg
			13		Zirconium Tanning Salt	10 kgs
			14		Sodium Formate/Acetate	8 kgs
			15		Sodium Bicarbonate	8 kgs
			16		Soda Ash	4 kgs
			17		Magnesium Oxide	5 kgs
			18		Syatan (only synthesized chemical products but not pure chemicals)	54 kgs
			19		Oxalic Acid	2.5 kgs
			20		Deleted	Deleted
			21		Fatliquors	24 kgs
			22		Dye Levelling Agent	2 kgs
			23		Dyes (Acid dyes/ Direct dyes/Premetallised dyes/Basic Dyes/Reactive dyes/ Sulphur dyes) other than those of exclusively used in textile processing	12 kgs (Out of the total quantity of 12 kgs, the quantity of Reactive dyes shall not exceed 0.6 kg and subject to the General Note 6 of Leather & Leather Product)
			24		Dispersing Agent (formulated products) excluding Nonylphenol	5 kgs
			25		Cationic Dye Fixative	5 kgs
			26		Polyurathane Resin	20 kgs
			27		Penetrating Agent (As per Sl. No.3 of General Note for Leather & Leather Product)	4 kgs
			28		Pigments other than those used exclusively in ceramic colours, cuprous oxide and aluminium oxide	10 kgs
			29		a) Binders other than those indicated below	10 kgs
					b) Casein based Binders OR	5 kgs
					Resin/Polyurathane based binders	10 kgs
			30		Liquid Dyes (Based on Acid dyes/ Basic dyes/ Metal complex dyes/Liquid Colouring Agents)	10 ltrs
			31		Feel Modifiers	1 kg
			32		Lacquer Emulsion	10 kgs
			33		Slipagents (Silicon based Oil)	1 kg
			34		Fixing Agents/ Cross Linkers (Formaldehyde free)	1 kg
			35		Wax Emulsion (only ready to use formulated products; raw materials for wax emulsion is not permitted)	2 kgs
			36		Oil/Wax for pull up Finish (edible oils are not permitted)	25 kg
			37		Fillers for Leather Industry (Hydrophilic fumed silica not allowed)	3 kg
			38		Spl. Auxiliaries for Stain/ Fire/ Grease/ Water/ Alkali/ Acid/ Oil Resistance	5 kgs
			39		Pearlised Pigment and Powder (Bronze powder is not allowed)	1 kg
			40		Fluorescent Pigment	4 kgs
			41		Special Lacquer for Brush off/Two tone	10 kgs
			42		*Transfer foil (Polyester/Polyurethane Metalised film - Silver/ Gold/ Bronze/ Mat/ Plain/Two Tone effect/ Glazy/Nubuck effect/ Pull up effect/ Suede effect/Floral and other design effects) Note: *This item will be allowed only for laminated finished leather using the above Transfer Foil/Film.	120 sq. Mtrs.
			43		Miscellaneous Items: a) Knife Blades/ Band Knives: Splitting Band Knife/Fleshing Knife/Shaving Knife used only in leather industry b) Grinding wheels for Splitting Machine/ Fleshing Machine/Shaving Machine used only in leather industry c) Felt/ Felt Sleeves Samming Machine/ Setting cum Samming/Polishing Felt Roller d) Stones: Polishing Stone Roller/wet Buffing Stone Roller e) Emery Paper: Roll of 50 Metre Length f) Glazing Glass in cylindrical shape only g) Padding Mohair cloth h) Embossing plate	upto 5% of FOB value of export, out of which value of each of the items at (e), (g) & (h) shall not exceed 5% of the overall CIF value of miscellaneous items permitted for import.

Note: In case of export of Suede and Nubuck leather, the quantity of the import item 24 i.e. Dyes shall be enhanced to “20 kgs (Out of the total quantity of 20 kgs, the quantity of Reactive Dyes shall not exceed 0.6 kg).Note: 2. Item No. (ii) for 12 (a) shall not be allowed for the grain garment leather and gloving leather.Note: 3. Supplementary Vegetable Tanning Agents Gambier/ Chestnut/ Tara/ Sumac shall be allowed for import on Actual User condition. In case of DFRC, these items shall be used by the licensee only and shall not be allowed for transfer/sale.

a) Lactic Acid which is appearing as Deliming Agent against inputs shall not be allowed.

b) Synthetic Resins and Hydroxy Ethyl Cellulose in any broad heading of Chemicals may not be allowed.

c) Any product in the name of fillers may not be allowed because formulated products manufactured by Leather Chemical Companies (as supported by their technical data sheets) are used in Leather Industry.

Annexure-II

Revised Standard Input output norms G-46.

G46	Finished Leather from Skin of Goat/ Sheep/ Calf	1000 Sq.ft.	1		Preservative (as per Sl. No.3 of General Notes for Leather and Leather products)	1.5 kg
			2		Wetting Agent	5 kgs
			3		Soaking Enzyme (other than used in Food Processing Industry)	2.5 kgs
			4		Unhairing Agent:	
				a)	Sodium Sulphide	2. kgs
				b)	Sulfohydrate	2.5 kgs
			5		Leather Liming Auxilliaries	1.5 kg
			6		Deliming Agent	2.5 kgs
			7		Bating Agent (other than Potassium Carbonate)	5 kgs
			8		Leather Degreasing Agent (Fatty Alcohol/ Esters/ Fatty Acid Derivatives)	5 kgs
			9		Bleaching Agent (Sodium Bisulfite/ Hydrogen Peroxide/ Sodium Chlorite/ Potassium Permanganate)	1.5 kg
			10		Formic Acid	10 kgs
			11		Acetic Acid	2.5 kgs
			12		Chrome Tanning Agent:	Deleted
				a)	For Full Chrome Tanned Leather	
					(i) Chrome Tanning Agent/ Relevant Reducing Agent/ Masking Agent	30 kg
					(ii) Vegetable Tanning Agent such As Wattle or Mimosa/ Quebracho and supplementary Vegetable Tanning agents such as Chestnut/ Tara/ Sumac/Re-tanning agent such as cutch	12 kg
				b)	For Vegetable Tanned Leather Main vegetable tanning agents such as Wattle or Mimosa/ Quebracho Re-tanning agents such as cutch and Supplementary vegetable Tanning agents such as Chestnut/ Tara/ Sumac subject to the condition That Supplementary Tanning agents such as Gambier, Chestnut, Tara and Sumac shall be allowed a maximum of 30 kg. (Betal nut/ Areca nut is not allowed)	55 kg
				c)	For Vegetable - Chrome Combination Tanned Leather (Semi-Chrome tanned Leather) (i) Vegetable Tanning Agent such as Wattle or Mimosa/ Quebracho Re-tanning agents such as cutch and Supplementary Vegetable tanning agents such as Chestnut/Tara/ Sumac subject to the condition that Supplementary Tanning Agents such as Chestnut, Tara and Sumac shall be allowed a Maximum of 30 kg.	55 kg
					(ii) Chrome Tanning Agent	13 kg.
			13		Zirconium Tanning Salt	5 kgs
			14		Sodium Formate/ Acetate	5 kgs
			15		Sodium Bicarbonate	4 kgs
			16		Soda Ash	2 kgs
			17		Magnesium Oxide	2.5 kgs
			18		Syntan (only synthesized chemical products but not pure chemicals)	20 kgs
			19		Borax	5 kgs
			20		Oxalic Acid	2.50 kgs
			21		Sodium thio-sulphate	5 kgs
			22		Deleted	Deleted
			23		Fatliquors	20 kgs
			24		Dye Levelling Agent	1 kgs
			25		Dyes (Acid dyes/ Direct Dyes/ Premetallised dyes/Basic Dyes/ Reactive dyes/ sulphur dyes) other than those of exclusively used in textile processing	10 kgs (Out of the total quantity of 10 kgs, the quantity of Reactive dyes shall not exceed 0.5 kg and subject to the General Note 6 of Leather & Leather Product)
			26		Dispersing Agent (formulated products) excluding Nonylphenol	2.5 kgs
			27		Cationic dyes Fixative	5 kgs
			28		Pigments other than those used in ceramic colours, cuprous oxide ad aluminum oxide	10 kgs
			29		a) Binders other than those indicated below	10 kgs
					b) Casein based binders OR	15 kgs
					Resin/Polyurathane based binders	10 kgs
			30		Liquid Dyes (based on Acid dyes/Basic dyes/ Metal complex dyes)	10 ltrs
			31		Feel Modifiers	1 kg
			32		Lacquer Emulsion	10 kgs
			33		Slipagents (Silicon based Oil)	1 kg
			34		Fixing Agents/ Cross Linkers (Formaldehyde free)	1 kg
			35		Wax Emulsion (only ready to use formulated products)	2 kgs
			36		Oil/Wax for pull up finish (other than edible oils)	15 kgs
			37		Fillers for Leather Industry (Hydrophilic fumed silica not allowed)	3 kgs
			38		Spl. Auxiliaries for Stain/ Fire/ Grease/ Water/ Alkali/ Acid/ Oil resistance	5 kgs
			39		Pearlised Pigment and Powder (Bronze powered is not allowed)	1 kg
			40		Fluorescent Pigment	4 kgs
			41		Special Lacquer for Brush off/ Two tone	10 kgs
			42		*Transfer foil (Polyester/ Polyurethane Metalised film - Silver/ Gold/ Bronze/ Mat/ Plain/ two Tone effect/ Glazy/ Nubuck effect/ Pull up effect/ Suede effect/Floral and other design effects) Note: *This item will be allowed only for laminated finished leather using the above Transfer Foil/Film.	120 sq.mtrs
			43		Miscellaneous Items:	
					a) Knife Blades/ Band Knives: Splitting Band Knife/Fleshing Knife/Shaving Knife used in leather industry	
					b) Grinding Wheels for Splitting Machine/ Fleshing Machine/ Shaving Machine used in leather industry	Upto 5% of FOB value of export, out of which value of each of the items at (e), (g) & (h) shall not exceed 5% of the overall CIF value of Miscellaneous items permitted for import
					c) Felt/Felt Sleeves Samming Machine/ Setting cum Samming/Polishing Felt Roller	
					d) Stones: Polishing Stone Roller/wet Buffing stone Roller	
					e) Emery Paper: Roll of 50 Metre Length	
					f) Glazing Glass in cylindrical shape	
					g) Padding Mohair cloth	
					h) Embossing plate	

Note: 1. Item No. (ii) for 12 (a) shall not be allowed for the grain garment leather and gloving leather. Note: 2. Supplementary Vegetable Tanning Agents Gambier/ Chestnut/ Tara/ Sumac shall be allowed for import on

Actual User condition. In case of DFRC, these items shall be used by the licensee only and shall not be allowed for transfer/sale.

a) Lactic Acid which is appearing as Deliming Agent against inputs shall not be allowed.

b) Synthetic Resins and Hydroxy Ethyl Cellulose in any broad heading of Chemicals may not be allowed.

c) Any product in the name of fillers may not be allowed because formulated products manufactured by Leather Chemical Companies (as supported by their technical data sheets) are used in Leather Industry.

Board Calls for Wider Coverage in Local Trade Interaction Bodies

Sub: Encouraging stakeholder participation in Customs functioning

42-CBEC 25.10.2013 (DoR)

The CBEC has a well established practice of involving stakeholders in decision-making and resolving operational issues. This is exemplified by the Permanent Trade Facilitation Committee (PTFCs) in each Custom House, which includes local trade and logistics association as well as Customs Brokers association. These committees typically meet once a month for deliberating issues that impact day to day functioning. All senior departmental officers including Commissioners of Customs attend the meetings.

2. In this regard I am directed to state that noting the efficacy of the PTFCs in resolving local issues the Board is of the view that these are needed to be well attended by the trade bodies. Also, the PTFC meetings should be held at all Customs locations, if not being done so already. This would ensure that local issues of interest to the trade would get resolved quickly thereby furthering the cause of trade facilitation. This would also prevent the escalation of purely local issues to the Department/Board.

3. The Board also notes that possibly, issues could be better resolved at the local level if presented to the Chief Commissioners/ Commissioners by the apex trade bodies, who by virtue of membership spread across Custom Houses would have a broader perspective. Hence, it would be fruitful to encourage the apex trade bodies to meet the Chief Commissioners/ Commissioners. The apex trade bodies could also attend the PTFCs along with their constituents, who are members of the PTFCs.

4. The Board desires that as a trade facilitation measure aimed at encouraging stakeholder participation and expeditious resolution of local issues (without these being escalated to the Department/Board) the Chief Commissioners should henceforth ensure that:-

(a) The PTFCs are held regularly with minimum of one meeting each per month on a pre-decided date.

(b) Minutes of the PTFC meetings are sent to the Board through DG, Directorate General of Export Promotion on issues having all India implication, if any.

(c) Apex trade bodies are allowed to attend the PTFC meetings along with their local constituents, who are members of the PTFC.

(d) Efforts are made to regularly review the membership of the PTFC with the aim of including all stakeholders in the Customs functioning.

(e) Chief Commissioners/Commissioners are receptive to meeting local and apex trade bodies even outside the framework of the PTFC.

5. Difficulties, if any, faced in the implementation of the instructions may be brought to the notice of the Ministry at an early date.

F. No. 450/199/2013-Cus IV

Customs Valuation Exchange Rates

18 October 2013		Imports	Exports
Schedule I [Rate of exchange of one unit of foreign currency equipment to Indian Rupees]			
1	Australian Dollar	59.55	58.10
2	Bahrain Dinar	168.30	159.10
3	Canadian Dollar	60.50	58.95
4	Danish Kroner	11.40	11.00
5	EURO	84.55	82.60
6	Hong Kong Dollar	8.00	7.90
7	Kuwaiti Dinar	224.75	212.15
8	New Zealand Dollar	52.70	51.25
9	Norwegian Kroner	10.45	10.15
10	Pound Sterling	99.65	97.45
11	Singapore Dollar	50.15	49.05
12	South African Rand	6.45	6.05
13	South Arabian Riyal	16.90	16.00
14	Swedish Kroner	9.65	9.40
15	Swiss Franc	68.50	66.70
16	UAE Dirham	17.25	16.35
17	U.S. Dollar	62.20	61.20
Schedule II [Rate of exchange of 100 units of foreign currency equivalent to Indian rupees]			
1	Japanese Yen	63.30	61.75
2	Kenyan Shilling	74.90	70.40

(Source: Customs Notification 105(NT)/17.10.2013)

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