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## New Drawback Rates Effective from 15 Nov 2016 Released

- 4 Residuary Rate Cut from 1.9% to 1.5%
- 4 Rice Drawback according to Pack Size
- 4 Parts Eligible for Drawback under Four Digit HS Classification
- 4 Minimum Value of Rs. 500 per Shipment Clause in Drawback Rules Omitted
- 4 Declaration of Non Availment of Cenvat Must for Drawback Disbursal
- 4 No Service Tax Refund where AIR Drawback Availed
- 4 Exporters at 1.1% and 1.5% Residual Rate to Furnish Data for Higher DBK Claim

*Subject: All Industry Rates of Drawback and other Drawback related changes.*

**[Ref: CBEC Circular No. 50 dated 31st October 2016]**

The Central Government has revised All Industry Rates (AIRs) of Drawback vide Notification No. 131/2016-Customs (N.T.) dated 31.10.2016 which comes into force on 15.11.2016. These AIRs take into account relevant broad average parameters including, inter alia, prevailing prices of inputs, input output norms, share of imports in input consumption, the rates of central excise and customs duties, incidence of service tax paid on taxable services which are used as input services in the manufacturing or processing of export goods, incidence of duty on HSD/furnace oil, value of export goods, etc. The notification may be downloaded from Board's website and carefully perused for details of the changes. Some of the changes are highlighted below –

**(a)** AIRs have been provided to certain worked articles under chapters 45, 46 and 68;

**(b)** Certain products, earlier with all customs AIRs, have been provided composite rates. These include rubber parts (for automobile or other machinery) of chapter 40 and children's picture, drawing/colouring books, etc. of chapter 49;

**(c)** Changes in certain tariff items description have been made for dispute prevention or enhancing simplification. These relate, inter-alia, to **packaged rice, rubber parts, certain leather items, leggings, frocks, bicycles, protective sports gear**, etc;

**(d)** For better product differentiation, **separate tariff lines have been provided** by carving out from (or replacing) certain existing tariff items. These include **surimi fish paste** (chapter 16), belts (chapter 39), leather woven/braided hand-bag (chapter 42), hand-bags/wallets etc of plastic and/or textile material (chapter 42), wrist bands/tie-pins/necklaces made of leather (chapter 42), fishnets/sports nets made of different materials (chapter 56/95), kurta and salwar/salwar suits/salwar-kameez/churidar-kameez, with or without dupatta (chapter 61 and 62), blankets etc of blend containing cotton and MMF (chapter 63), glass artware/handicrafts with chatons (chapter 70), tube or pipe fittings of alloy/stainless steel (chapter 73), motor cars, based on four categories of engine capacity each with sub-categories of manual or automatic transmission (chapter 87), cycle frames made of aluminum (chapter 87), soft toys (chapter 95);

**(e)** In the notes and conditions of the notification, the term article of leather in chapter 42 of the Drawback Schedule has

been expanded to include any article wherein 60% or more of the outer and inner surface area taken together is of leather. This is in the light of newer design and commercial practices;

**(f)** Residuary rate (customs) provided to items across various chapters has been reduced from 1.9% to 1.5% and from 1.4% to 1.1%.

**2.** The notification also specifies the alternative AIRs on **garment exports** made against the Special Advance Authorization (para 4.04A of FTP 2015-20) in discharge of export obligations in terms of Notification No. 45/2016-Customs dated 13.8.2016. For claiming these alternative AIRs, the relevant tariff item has to be suffixed with suffix "C" or suffix "D" for the situation when Cenvat facility has not been availed or when Cenvat facility has been availed, respectively, instead of the usual suffix „A" or suffix "B". The procedure in Circular No. 37/2016-Customs is to be applied.

**3.** Para 3 of the notification specifies the amount for payment as provisional drawback by proper officer of Customs in terms of sub-rule (3) of Rule 7 of Customs, Central Excise



### Windex No. 32 (02-08 November 2016)

Subject – Ref – DINDEX – Page

**Delhi High Court** Swings to Support of Dolby Sound Patents – ABS News Service – 7319 – p251

**No Sale** Condition Goods Imported under FTP 2009-14 can be Sold after 3 Years – 49-CBEC/27.10.2016 – 7312 – p252

Radiation Check on Metal Scrap at Port of Import from 1 April 2017 – 48-CBEC/26.10.2016 – 7313 – p252

**New Drawback Rates** Effective from 15 Nov 2016 Released – 50-CBEC, 131-Cus(NT), 131-Cus(NT) dated 31.10.2016 – 7314 – p249

ECB Allowed to Recognised Startups, Maturity Period more than Three Years, Amount Limited to \$3mn – 13-RBI/27.10.2016 – 7315 – p253

Green Signal to Interest Rate Futures from RBI – RBI Circular/28.10.2016 – 7316 – p253

(DINDEX = Daily Index of Changes Ref)



and Service Tax Drawback Rules, 1995. This is equivalent to the Customs component of AIR corresponding to the export goods, if applicable, and subject to the same conditions as applicable to a

claim for that component. The procedure for such claim remains as in Annexure 1 of Circular No. 29/2015-Customs which also applies for garment exports against Special Advance Authorization with the variation in declaration as prescribed in Circular No.37/2016-Customs. The amount paid as provisional drawback under this dispensation shall be taken into account for authorizing further provisional drawback (where necessary) by Central Excise authorities who are expected to continue the facilitation in terms of para 5A to 5C of Instruction No. 603/01/2011-DBK dated 11.10.2013 in brand rate cases.

**4.** In connection with export of packaged rice under claim for AIR it is clarified that – (a) where master packs made of any material contain rice packaged in material and pack size of the type specified in the tariff line, the drawback rate eligible is the drawback rate of the pack size; and (b) where smaller packs made of packaging material other than that described in the tariff line are packed in larger master packs made of the material specified in the tariff line, the drawback rate eligible shall be the drawback rate appropriate to the size of the master pack.

**5.** It is noted that field formations intermittently raise the issue, with exporters, of admissibility of drawback on parts of machinery under individual drawback tariff lines where the AIR is provided at 4-digit level but the 4-digit description does not specifically indicate the word “parts”. In the Drawback Schedule’s notification’s notes and conditions it is specified that the tariff items and description of goods in the Drawback Schedule are aligned with the tariff items and description of goods in the First Schedule to the Customs Tariff Act 1975 at the 4-digit level and that the general rules for interpretation of the First Schedule to the Customs Tariff Act 1975 shall mutatis mutandis apply for classifying the export goods listed in the Drawback Schedule. However, notwithstanding this position in the Drawback Schedule, certain parts are classifiable in terms of the notes and conditions 3 (ii). This means that if parts of machinery fall under a tariff item in the First Schedule to the Customs Tariff Act 1975 at the 4-digit level, then in the Drawback Schedule too they would be covered under that 4-digit tariff item, unless otherwise specified in the notes and conditions.

**6.** Apart from revisions in the AIRs, the Central Government has also amended the Customs, Central Excise and Service Tax Drawback Rules, 1995 vide Notification No. 132/2016-Customs (NT) dated 31.10.2016 for the purpose of deleting sub-rule (1) of rule 8 which did not allow AIR or Brand Rate drawback to exports (other than postal exports or exports under advance authorization) if the amount of drawback is less than 1% of F.O.B. value of export, except where the amount of drawback per shipment exceeded Rs.500. This deletion takes effect from 15.11.2016.

**7.** The Commissioners are expected to ensure due diligence to prevent any misuse. The shipping bills with parameters considered to be sensitive should be handled with adequate care at the time of export. Further, in case of claim of the composite (higher) rate of AIR, the

processing should specifically ensure availability of “Non-availability of Cenvat certificate” etc. at the export stage itself. In the case of AIR claim against tariff item numbers 711301, 711302 or 711401 the availability of exporter’s declaration as per Circular No.30/2016-Customs should be ensured and recorded at the Let Export Order stage by the Customs officer.

**8.** There is also need for continued scrutiny for preventing any excess drawback arising from mismatch of declarations made in the Item Details and the Drawback Details in a shipping bill. It may continue to be ensured that exporters do not avail of the refund of service tax paid on taxable services which are used as input services in the manufacturing or processing of export goods through any other mechanism while claiming AIR.

**9.** With trade facilitation in view, tenure of the Drawback Committee constituted by the Central Government has been extended to expeditiously look into issues arising from the changes made. Accordingly, exporters of products at revised residuary rates of 1.1% and 1.5% may immediately come forward with data, if any, for higher than residuary rates.

**10.** Suitable public notice and standing order should be issued for guidance of the trade and officers. Any inconsistency, error or difficulty faced should be intimated to the Board. The Commissioners may also inform, with appropriate data, the details of specific products where drawback cap needs to be imposed.

F. No. 609/83/2016-DBK

**[Customs Notification No. 132 (Non Tariff) dated 31st October 2016]**

In exercise of the powers conferred by section 75 of the Customs Act, 1962 (52 of 1962), section 37 of the Central Excise Act, 1944 (1 of 1944) and section 93A read with section 94 of the Finance Act, 1994 (32 of 1994), the Central Government hereby makes the following rules further to amend the **Customs, Central Excise Duties and Service Tax Drawback Rules, 1995**, namely:-

**Omitted text of Rule 8(1) is given below:**

**8. Cases where no amount or rate of drawback is to be determined.**

~~8(1) No amount or rate of drawback shall be determined in respect of any goods under rule 3, rule 6 or, as the case may be, rule 7, the amount or rate of drawback of which would be less than one per cent of the F.O.B. value thereof, except where the amount of drawback per shipment exceeds five hundred rupees-~~

~~Provided that this sub-rule shall not apply in the case of-~~

~~(a) drawback on exports made in discharge of export obligation against an Advance Licence issued under the Export and Import Policy notified by the Central Government under section 5 of the Foreign Trade (Development and Regulation) Act, 1992 (22 of 1992); or~~

~~(b) export made by post.~~

[F. No. 609/80/2016-DBK]

**1.** (1) These rules may be called the Customs, Central Excise Duties and Service Tax Drawback (Amendment) Rules, 2016.

(2) They shall come into force on **15th November, 2016**

**2.** In the Customs, Central Excise Duties and Service Tax Drawback Rules, 1995, sub-rule (1) of rule 8 shall be **omitted**.

**[Ref: Customs Notification No. 131 (Non Tariff) dated 31st October 2016]**

In exercise of the powers conferred by sub-section (2) of section 75 of the Customs Act, 1962 (52 of 1962), sub-section (2) of section 37 of the Central Excise Act, 1944 (1 of 1944), and section 93A and sub-section (2) of section 94 of the Finance Act, 1994 (32 of 1994), read with rules 3 and 4 of the Customs, Central Excise Duties and Service Tax Drawback Rules, 1995 (hereinafter referred to as the said rules) and in supersession of the notification of the Government of India in the Ministry of Finance (Department of Revenue) **No.110/2015-CUSTOMS (N.T.), dated the 16th November, 2015**, published vide number G.S.R. 861 (E), dated the 16th November, 2015, except as respects things done or omitted to be done before such supersession, the Central Government hereby determines the rates of drawback as specified in the Schedule annexed hereto (hereinafter referred to as the said Schedule) subject to the following notes and conditions, namely:-

**Notes and conditions:**

**(1)** The tariff items and descriptions of goods in the said Schedule are aligned with the tariff items and descriptions of goods in the First Schedule to the Customs Tariff Act, 1975 (51 of 1975) at the four-digit level only. The descriptions of goods given at the six digit or eight digit or modified six or eight digits in the said Schedule are in several cases not aligned with the descriptions of goods

given in the First Schedule to the Customs Tariff Act, 1975.

**(2)** The general rules for the interpretation of the First Schedule to the Customs Tariff Act, 1975 shall, mutatis mutandis, apply for classifying the export goods listed in the said Schedule.

**(3)** Notwithstanding anything contained in the said Schedule, -

(i) all art-ware or handicraft items shall be classified under the heading of art-ware or handicraft (of constituent material) as mentioned in the relevant Chapters;

(ii) any identifiable ready to use machined part or component predominantly made of iron, steel or aluminium, made through casting or forging process, and not specifically mentioned at six digit level or more in Chapter 84 or 85 or 87, may be classified under the relevant tariff item (depending upon material composition and making process) under heading 8487 or 8548 or 8708, as the case may be, irrespective of classification of such part or component at four digit level in Chapter 84 or 85 or 87 of the said Schedule;

(iii) the sports gloves mentioned below heading 4203 or 6116 or 6216 shall be classified in that heading and all other sports gloves shall be classified under heading 9506.

**(4)** The figures shown in columns (4) and (6) in the said Schedule refer to the rate of drawback



expressed as a percentage of the free on board value or the rate per unit quantity of the export goods, as the case may be.

(5) The figures shown in columns (5) and (7) in the said Schedule

refer to the maximum amount of drawback that can be availed of per unit specified in column (3).

(6) An export product accompanied with application for removal of excisable goods for export (ARE-1) and forming part of project export (including turnkey export or supplies) for which no figure is shown in column (5) and (7) in the said Schedule, shall be so declared by the exporter and the maximum amount of drawback that can be availed under the said Schedule shall not exceed the amount calculated by applying ad-valorem rate of drawback shown in column (4) or (6) to one and half times the ARE- 1 value.

(7) The figures shown in the said Schedule in columns (4) and (5) refer to the total drawback (Customs, Central Excise and Service Tax component put together) allowable and those appearing in columns (6) and (7) refer to the drawback allowable under the Customs component. The difference in rates between the columns (4) and (6) refers to the Central Excise and Service Tax component of drawback. If the rate indicated is the same in the columns (4) and (6), it shall mean that the same pertains to only Customs component and is available irrespective of whether the exporter has availed of Cenvat facility or not.

(8) The rates of drawback specified against the various tariff items in the said Schedule in specific terms or on ad valorem basis, unless otherwise specifically provided, are inclusive of drawback for packing materials used, if any.

(9) Drawback at the rates specified in the said Schedule shall be applicable only if the procedural requirements for claiming drawback as specified in rules 11, 12 and 13 of the said rules, unless otherwise relaxed by the competent authority, are satisfied.

(10) The rates of drawback specified in the said Schedule shall not be applicable to export of a commodity or product if such commodity or product is -

(a) manufactured partly or wholly in a warehouse under section 65 of the Customs Act, 1962 (52 of 1962);

(b) manufactured or exported in discharge of export obligation against an Advance Authorisation or Duty Free Import Authorisation issued under the Duty Exemption Scheme of the relevant Foreign Trade Policy;

Provided that where exports are made against Special Advance Authorisation issued under paragraph 4.04A of the Foreign Trade Policy 2015-20 in discharge of export obligations in terms of Notification No. 45/2016-Customs dated 13th August, 2016, the rates of drawback specified in the said Schedule shall apply as if in the said Schedule-

(i) the heading A and heading B are heading C and heading D, respectively; and

(ii) the entries in columns (4), (5), (6) and (7) against the Tariff items in the said Schedule below all Chapters, except Chapter 61 and 62, are NIL, and those in Chapters 61 and 62 are as specified in the Table annexed hereto;

(c) manufactured or exported by a unit licensed as hundred per cent. Export Oriented Unit in

## Delhi High Court Swings to Support of Dolby Sound Patents

4 24 Courts Commissioners Raid Mobile Manufacturers across India to Seize Patent Infringing Stocks and Records

4 Xiaomi, Oppo, Gionee, Videocon, Optimus Mobile factories under Attack



The Courts are now active in enforcing the patents by giving ex parte orders to be enforced within ten days by Courts Commissioners paid by the patent holders.

On 20 October, Judge Rajiv Sahai Endlaw passed a common order on a string of five petitions filed by the San Francisco based Dolby International on the infringement of its four noise reduction patents. The case was argued by a battery of the best lawyers who pleaded before the judge that the ISO standard claimed in the mobile phones could only be achieved by using the four Dolby patents. The Judge passed the orders to seize the offending stocks and also related books on the same day. The order was issued ex-parte, that is, the manufacturers were not given a chance to defend themselves from the patent infringement charges.

The Court also appointed 24 lawyers who will service as commissioners having enforcement powers. They are tasked with raiding the manufacturers premises located across India to seize all stocks bearing the ISO mark for sound quality. Each commissioner will be paid one lakh rupees by Dolby, apart from out of pocket expenses on travel and stay. The local police has been ordered to assist the commissioners in conducting the raids.

The Government of India too was asked to stop the patent infringing import by instructing the customs ports to detain or confiscate parts or mobile which use the four Dolby sound patents. The field formations will in the ports will detain all imports by or on behalf of the named parties. Other imports too will be affected as they come under the infringement shadow.

The manufacturers are in a fix since their operations are disrupted by the sudden developments. All of them import the sound systems on their mobiles from China, hence the patent infringement did not take place in India.

The patent office in India as well as the DIPP and the Ministry of Electronics maintains an army of officials who are supposed to manage the patent system. However, a workable system for FRAND (Fair, Reasonable, And Non-Discriminatory terms) patents where the user pays a reasonable fee is far away. Even patent enforcement is routinely carried out at the customs border to support the original holders outside India even though the WTO TRIPS exempts Developing Countries like India from enforcement. Only the Courts have the power to adjudicate infringement after hearing both sides.

Next hearing is slated for 23 November. However, the ground is already tilted against Indian manufacturers who are facing the Court organised raids.

**-ABS News Service-**

terms of the provisions of the relevant Foreign Trade Policy;

(d) manufactured or exported by any of the units situated in Free Trade Zones or Export Processing Zones or Special Economic Zones;

(e) manufactured or exported availing the benefit of the notification No. 32/1997-Customs, dated 01st April, 1997.

(11) The rates and caps of drawback specified in columns (4) and (5) of the said Schedule shall not be applicable to export of a commodity or product if such commodity or product is -

(a) manufactured or exported by availing the rebate of duty paid on materials used in the manufacture or processing of such commodity or product in terms of rule 18 of the Central Excise Rules, 2002;

(b) manufactured or exported in terms of sub-rule (2) of rule 19 of the said Central Excise Rules, 2002.

(12) The expression "when Cenvat facility has not been availed", used in the said Schedule, shall mean that the exporter shall satisfy the following conditions, namely:-

(a) the exporter shall declare, and if necessary, establish to the satisfaction of the Assistant Commissioner of Customs or Assistant Commissioner of Central Excise or Deputy Commissioner of Customs or Deputy Commissioner of Central Excise, as the case may be, that no Cenvat facility has been availed for any of the inputs or input services used in the manufacture of the export product;

(b) if the goods are exported under bond or claim

for rebate of duty of Central Excise, a certificate from the Superintendent of Customs or Superintendent of Central Excise in-charge of the factory of production, to the effect that no Cenvat facility has been availed for any of the inputs or input services used in the manufacture of the export product, is produced:

Provided that the certificate regarding non-availment of Cenvat facility shall not be required in the case of exports of handloom products or handicrafts (including handicrafts of brass art-ware) or finished leather and other export products which are unconditionally exempt from the duty of Central Excise.

(13) Whenever a composite article is exported for which any specific rate has not been provided in the said Schedule, the rates of drawback applicable to various constituent materials can be extended to the composite article according to net content of such materials on the basis of a self-declaration to be furnished by the exporter to this effect and in case of doubt or where there is any information contrary to the declarations, the proper officer of customs shall cause a verification of such declarations.

(14) The term "article of leather" in Chapter 42 of the said Schedule shall mean any article wherein (a) 60% or more of the outer visible surface area; or (b) 60% or more of the outer and inner surface area taken together, excluding shoulder straps or handles or fur skin trimming, if any, is of leather notwithstanding that such article is made of leather and any other material.

(15) The term "dyed", wherever used in the said Schedule in relation to textile materials, shall



include yarn or piece dyed or predominantly printed or coloured in the body.

**(16)** The term "dyed" in relation to fabrics and yarn of cotton, shall include "bleached or mercerised or printed or mélange".

**(17)** The term "dyed" in relation to textile materials in Chapters 54 and 55 shall include "printed or bleached".

**(18)** In respect of the tariff items in Chapters 60, 61, 62 and 63 of the said Schedule, the blend containing cotton and man-made fibre shall mean that content of man-made fibre in it shall be more than 15% but less than 85% by weight and the blend containing wool and man-made fibre shall mean that content of man-made fibre in it shall be more than 15% but less than 85% by weight. The garment or made-up of cotton or wool or man-made fibre or silk shall mean that the content in it of the respective fibre is 85% or more by weight.

**(19)** The term "shirts" in relation to Chapters 61 and 62 of the said Schedule shall include "shirts with hood".

**(20)** In respect of the tariff items appearing in Chapter 64 of the said Schedule, leather shoes, boots or half boots for adult shall comprise the following sizes, namely: -

(a) French point or Paris point or Continental Size above 33;

(b) English or UK adult size 1 and above; and

(c) American or USA adult size 1 and above.

**(21)** In respect of the tariff items appearing in Chapter 64 of the said Schedule, leather shoes, boots or half boots for children shall comprise the following sizes, namely: -

(a) French point or Paris point or Continental Size upto 33;

(b) English or UK children size upto 13; and

(c) American or USA children size upto 13.

**(22)** The drawback rates specified in the said Schedule against tariff items 711301, 711302 and 711401 shall apply only to goods exported by airfreight, post parcel or authorised courier through the Custom Houses as specified in para 4.72 of the Hand Book of Procedures, 2015-2020 published vide Public Notice No.1/ 2015-2020, dated the 1st April, 2015 of the Government of India in the Ministry of Commerce and Industry, after examination by the Customs Appraiser or Superintendent to ascertain the quality of gold or silver and the quantity of net content of gold or silver in the gold jewellery or silver jewellery or silver articles. The free on board value of any consignment through authorised courier shall not

exceed rupees twenty lakhs.

**(23)** The drawback rates specified in the said Schedule against tariff items 711301, 711302 and 711401 shall not be applicable to goods manufactured or exported in discharge of export obligation against any Scheme of the relevant Foreign Trade Policy of the Government of India which provides for duty free import or replenishment or procurement from local sources of gold or silver.

**(24)** Notwithstanding anything contained in paragraph (7) above, the drawback rate specified in the said Schedule against tariff items 711301, 711302 and 711401 shall not be applicable to goods manufactured or exported availing CEN-VAT facility for any of the inputs or input services used in their manufacture or availing the rebate of duty paid on materials used in their manufacture or processing in terms of rule 18 of the Central Excise Rules, 2002 or manufactured or exported in terms of sub-rule (2) of rule 19 of the Central Excise Rules, 2002 and the exporter claiming the drawback rate against said tariff items shall make appropriate declaration at the time of export.

**(25)** "Vehicles" of Chapter 87 of the said Schedule shall comprise completely built unit or completely knocked down (CKD) unit or semi knocked down (SKD) unit.

**2.** All claims for duty drawback at the rates of drawback notified herein shall be filed with reference to the tariff items and descriptions of goods shown in columns (1) and (2) of the said Schedule respectively. Where, in respect of the export product, the rate of drawback specified in the said Schedule is Nil or is not applicable, the rate of drawback may be fixed, on an application by an individual manufacturer or exporter in accordance with the said rules. Where the claim for duty drawback is filed with reference to tariff item of the said Schedule and it is for the rate of drawback specified herein, an application, as referred under sub-rule (1) of rule 7 of the said rules shall not be admissible.

**3.** The amount referred in sub-rule (3) of rule 7 of the said rules, relating to provisional drawback amount as may be specified by the Central Government, shall be equivalent to the Customs component, as provided by the drawback rate and drawback cap shown in column (6) and (7) in the said Schedule for the tariff item corresponding to the export goods, if applicable, and determined as if it were a claim for duty drawback filed with reference to such rate and cap.

**4.** This notification shall come into force on the 15th day of November, 2016.

## Cab Secy Chairs First Meet on Trade Facilitation

### 4 Revenue Secy Suggests Lean Single Tier System to Oversee TF in India

**Press Note dated 28 October 2016**

Pursuant to the establishment of the, its first meeting was held on 28 October, 2016 at the North Block, New Delhi. NCTF is a mandatory requirement under Article 23.2 of the WTO Agreement on Trade Facilitation. Its Secretariat is housed in CBEC.

Cabinet Secretary Mr. P.K. Sinha chaired the first meeting of the National Committee on Trade Facilitation established on 11 August, 2016. All the 24 members of the NCTF, which included Secretaries of various Ministries/Departments like Revenue, Commerce, Home, Shipping, Civil Aviation, Textiles, as well as Industry Associations like FICCI, CII, FIEO, etc were present.

The Commerce Secretary, Ms. Rita Teatonia said TFA was ratified earlier this year. The NCTF will now become an overarching monitoring body. A baseline study by the Centre for WTO Studies in IIFT has been done the Gap Analysis status in India viz a viz the TFA. Inter-ministerial co-ordination is crucial for the successful working of the NCTF.

The Industry Representatives Government's policy initiatives must percolate down at the ground level for any meaningful change to occur.

The Revenue Secretary, Mr. Hasmukh Adhia wanted to do away with the multiplicity of Committees looking at trade facilitation at various levels. He suggested that the NCTF which was now the high level national body should subsume other such committees and become a single voice.

The Cabinet Secretary and the Chairman of the NCTF, Mr. P.K. Sinha said that India has to be in a state of readiness, especially for the Category 'A' commitments. He summed up the significant areas of TFA as simplification of procedures, reduction in time and cost, augmentation of infrastructure and greater use of technology. He directed that in the initial phase the NCTF and the He directed the Steering Committee under Commerce and Revenue Secy to meet more frequently. Next meeting of the NCTF will be in December and the Steering Committee will meet two times before that.

F. No.297/07/2015-CX.9

## No Sale Condition Goods Imported under FTP 2009-14 can be Sold after 3 Years

[Ref: CBEC Circular No. 49 dated 27th October 2016]

Sub: Transferability of goods imported/procured by debiting duty in SFIS scrips.

The undersigned is directed to say that transferability of goods imported/procured by debiting duty in SFIS scrips was considered by the Board in the context of reconciling the Department of Commerce Notification No. 30/2009-2014 dated 1.8.2013 that amended FTP 2009-14 to provide that goods imported/procured under SFIS can be alienated on completion of 3 years from the date of import/procurement, the judgment dated 23.5.2016 of Hon'ble Delhi High Court in Writ Petition (C) No. 1809/2016 in the matter of Greatship (India) Ltd. and the Notification nos.

92/2004-Cus and 91/2009-Cus or 34/2006-CE. The Board has also consulted with the DGFT. It is clarified that -

**(a)** The goods imported/procured utilizing SFIS Scrip issued in terms of FTP 2009-14 may be sold/transferred on completion of 3 years from the date of clearance of import/ procurement in terms of the Department of Commerce notification no. 30 dated 1.8.2013.

**(b)** In the light of the Hon'ble High Court's order and absence of specific amendment by Dept. of Commerce to the FTP 2004-09, requests for

sale/transfer of goods imported/procured utilizing SFIS scrip issued in terms of FTP 2004-09 shall be considered by DGFT in terms of para 2.5 of FTP 2004-09 on merits keeping in view the spirit of the Hon'ble High Court's order to the effect that transferability of goods that have completed 3 years is not deniable only on the ground that imports were in terms of the FTP 2004-09.

**(c)** In view of DGFT conveying interpretation under para 2.3 of FTP 2004-09/2009-14 that the provision of transferability after 3 years is not applicable to consumables (including food items and alcoholic beverages) since such consumables are meant to be consumed in the course of day to day business of the applicant, such consumables

are non-transferable even after 3 years. Hence these shall be exception to (a) and (b) above.

**2.** DGFT would also consider, on merits under para 2.5 of FTP 2004-09/2009-14 requests for export sale of goods any time after import/procurement, subject to such export being without claim for any export incentive, rebate, refund,

drawback and/or re-credit of incentive and the bringing back into India being treated as a fresh import.

**3.** Suitable public notice should be issued for guidance of trade.

[F.No. 605/17/2013-DBK]

## Radiation Check on Metal Scrap at Port of Import from 1 April 2017

[Ref: CBEC Circular No. 48 dated 26th October 2016]

Subject: Clearance of import of metal scrap-Procedure.

I am directed to say that the following Circulars have been issued relating to the procedure for clearance of imported metal scrap namely:-

- (i) 56/2004-Cus. dated 18.10.2004,
- (ii) 02/2005-Cus. dated 12.01.2005,
- (iii) 10/2005-Cus. dated 22.02.2005,
- (iv) 24/2005-Cus. dated 24.05.2005,
- (v) 32/2005-Cus. dated 28.07.2005,
- (vi) 35/2005-Cus. dated 22.08.2005,
- (vii) 28/2007-Cus. dated 14.08.2007

**2.** The issue has been reviewed in the light of the changed scenario. The Director General of Foreign Trade, Ministry of Commerce and Industry, Government of India has issued a Public Notice No. 38/2015-2020 dated 06.10.2016 (followed by a Corrigendum by way of a Public Notice No. 40/2015-2020 dated 25.10.2016) governing import of un-shredded Metallic Waste and Scrap under Para 2.54 of Handbook of Procedures (2015-2020).

**2.** With the approval of the competent authority, it has been decided to withdraw the aforesaid Circulars with immediate effect.

**3.** It has been further decided that the following procedure for clearance of imported metal scrap (both ferrous and non-ferrous) shall be adopted: (i) Import of metal scrap in shredded form will be permitted through all ports/ICDs/CFSS/LCSs without any pre-shipment certificate as per the existing practice.

(ii) Import and clearance of un-shredded compressed or loose metallic scrap, shall be subject to the guidelines issued the Director General of Foreign Trade, Ministry of Commerce and Industry, Government of India under Public Notice No. 38/2015-2020 dated 06.10.2016 (followed by a Corrigendum by way of a Public Notice No. 40/2015-2020 dated 25.10.2016) and as per the

following procedure:

(a) The consignments of un-shredded, compressed or loose scrap shall be cleared only through those EDI ports where Risk Management Module is operational. These consignments will be subjected to documentary or physical check on the basis of selection done by Risk Management System.

(b) All the designated sea ports as specified in the DGFT Public Notice No. 38/2015-2020 dated 06.10.2016 are expected to install and operationalize Radiation Portal Monitors and Container Scanners by 31.03.2017 and till such time, the consignments of un-shredded, compressed or loose scrap shall be subjected to scanning based on risk assessment at those ports where such facilities for scanning are currently existing.

(c) Depending upon the congestion at the Port/ICD, the availability of manpower and the antecedents of the importer, the concerned Principal Commissioner/Commissioner of Customs or Principal Commissioner/Commissioner of Central Excise, as the case may be, may permit the importer to remove the sealed container at his own risk and cost to his factory premises under re-warehousing procedure. This would be subject to conditions specified in (a) & (b) above.

**4.** These instructions may be implemented with immediate effect.

**5.** The difficulties, if any, in implementing these procedures, should immediately be brought notice of the Board.

**6.** The above guidelines may be brought to the notice of the Trade immediately through appropriate Public Notice/Trade Notice.

**7.** Receipt of this Circular may kindly be acknowledged.

[F.No. 405/148/2009-Cus.IV]

apply; or

ii. A jurisdiction that has not made sufficient progress in addressing the deficiencies or has not committed to an action plan developed with the Financial Action Task Force to address the deficiencies

Exclusion: Overseas branches/subsidiaries of Indian banks and overseas wholly owned subsidiary / joint venture of an Indian company will, however, not be considered as recognized lenders under this framework.

d. **Forms:** The borrowing can be in the form of loans or non-convertible, optionally convertible or partially convertible preference shares. The funds should come from a country which fulfils the conditions at 2 (c) above.

e. **Currency:** The borrowing should be denominated in any freely convertible currency or in Indian Rupees (INR) or a combination thereof. In case of borrowing in INR, the non-resident lender, should mobilise INR through swaps/outright sale undertaken through an AD Category-I bank in India.

f. **Amount:** The borrowing per Startup will be limited to USD 3 million or equivalent per financial year either in INR or any convertible foreign currency or a combination of both.

g. **All-in-cost:** Shall be mutually agreed between the borrower and the lender.

h. **End-uses:** For any expenditure in connection with the business of the borrower.

i. **Conversion into equity:** Conversion into equity is freely permitted, subject to Regulations applicable for foreign investment in Startups.

j. **Security:** The choice of security to be provided to the lender is left to the borrowing entity. Security can be in the nature of movable, immovable, intangible assets (including patents, intellectual property rights), financial securities, etc., and shall comply with foreign direct investment / foreign portfolio investment / or any other norms applicable for foreign lenders / entities holding such securities.

k. **Corporate and personal guarantee:** Issuance of corporate or personal guarantee is allowed. Guarantee issued by non-resident(s) is allowed only if such parties qualify as lender under paragraph 2(c) above.

**Exclusion:** Issuance of guarantee, standby letter of credit, letter of undertaking or letter of comfort by Indian banks, all India Financial Institutions and NBFCs is not permitted.

l. **Hedging:** The overseas lender, in case of INR denominated ECB, will be eligible to hedge its INR exposure through permitted derivative products with AD Category – I banks in India. The lender can also access the domestic market through branches/ subsidiaries of Indian banks abroad or branches of foreign bank with Indian presence on a back to back basis.

m. **Conversion rate:** In case of borrowing in INR, the foreign currency - INR conversion will be at the market rate as on the date of agreement.

**3.** Other provisions like parking of ECB proceeds, reporting arrangements, powers delegated to AD banks, borrowing by entities under investigation, conversion of ECB into equity will be as included in the ECB framework announced vide A.P. (DIR Series) Circular No. 32 dated November 30, 2015. However, provisions on leverage ratio and ECB liability: Equity ratio will not be applicable.

**4.** It may be noted that Startups raising ECB in

## ECB Allowed to Recognised Startups, Maturity Period more than Three Years, Amount Limited to \$3mn

[Ref: RBI Circular No. 13 dated 27th October 2016]

Sub: External Commercial Borrowings (ECB) by Startups

Attention of Authorized Dealer Category-I (AD Category-I) banks is invited to the announcement made by the Reserve Bank in the Fourth Bi-monthly Monetary Policy Statement for the year 2016-17 released on October 04, 2016, for permitting Startup enterprises to access loans under ECB framework.

**2.** Parameters for considering an entity as a Startup have since been published in the Official Gazette on February 18, 2016 by the Government of India. It is therefore decided, in consultation with the Government of India to permit AD Category-I banks to allow Startups to raise ECB under the following framework:

a. **Eligibility:** An entity recognised as a Startup by the Central Government as on date of raising ECB.

b. **Maturity:** Minimum average maturity period will be 3 years.

c. **Recognised lender:** Lender/investor shall be a resident of a country who is either a member of Financial Action Task Force (FATF) or a member of a FATF-Style Regional Bodies; and shall not be from a country identified in the public statement of the FATF as:

i. A jurisdiction having a strategic Anti-Money Laundering or Combating the Financing of Terrorism deficiencies to which counter measures

foreign currency, whether having natural hedge or not, are exposed to currency risk due to exchange rate movements and hence are advised to ensure that they have an appropriate risk management policy to manage potential risk arising out of ECBs.

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

**6.** Master Direction No.5 dated January 1, 2016 is being updated to reflect changes.

**7.** The directions contained in this circular has been issued under section 10(4) and 11(2) of the Foreign Exchange Management Act, 1999 (42 of 1999) and are without prejudice to permissions / approvals, if any, required under any other law.

## Green Signal to Interest Rate Futures from RBI

[Ref: RBI/2016-17/104 – FMRD.DIRD. 10/ 14.03.01/2016-17 dated 28th October 2016]

Sub: Money Market Futures

As announced in the first Bi-Monthly Monetary Policy Statement, 2016-17, it has been decided to introduce Interest Rate Futures based on any rupee denominated money market interest rate or money market instrument on SEBI authorised stock exchanges.

**2.** In this regard, the Reserve Bank of India has issued a Notification FMRD.DIRD.09/2016 dated October 28, 2016 amending the Interest Rate Futures (Reserve Bank) Directions, 2013 dated December 5, 2013 to permit cash settled interest rate futures based on money market benchmarks in general.

**3.** It may be noted that RBI had already permitted introduction of futures based on the 91-day Treasury Bill, which is a money market instrument.

The purpose of the current directions is to permit futures based on any money market instrument or money market interest rate, other than the 91-day Treasury Bill Futures, which has been already permitted.

**4.** Registered exchanges are free to select the underlying instrument or interest rate and structure other details of the contracts. However, before any new or modified futures contract is introduced for trading on the exchanges, the registered exchanges shall submit complete details of the futures contract, duly ratified by SEBI, to the Reserve Bank for approval.

**5.** A copy of the Interest Rate Futures (Reserve Bank) (Amendment) Directions, 2016 which is placed on the RBI Website, is enclosed.

## Notification No.FMRD.DIRD.09/2016 dated October 28, 2016

### Interest Rate Futures (Reserve Bank) (Amendment) Directions, 2016

The Reserve Bank of India having considered it necessary in public interest and to regulate the financial system of the country to its advantage, in exercise of the powers conferred by section 45W of the Reserve Bank of India Act, 1934 and of all the powers enabling it in this behalf, hereby amends the Interest Rate Futures (Reserve Bank) Directions, 2013 dated December 5, 2013 (the Directions).

#### 1. Short Title and commencement

1.1 These directions shall be referred to as the Interest Rate Futures (Reserve Bank) (Amendment) Directions, 2016

1.2 These directions shall, come into force with effect from October 28, 2016.

#### 2. Eligible Instruments

In paragraph 3, after sub-paragraph (iii) of the Directions, the following sub-paragraph (iv) shall be inserted:

iv) Any Money market interest rate or instrument other than 91-day Treasury bill

Explanation – ‘Money Market Instruments’ are as defined in Sub-section (b) of Section 45(U) of the Reserve Bank of India Act 1934. ‘Money Market Interest Rate’ means interest rate on any money market instrument.

#### 3. Necessary conditions of the Interest Rate Futures contract

In paragraph 5, after paragraph 5.2.6 of the Directions, the following shall be added, namely:

5.2.7 Any futures contract issued under para 3(iv) of these Directions shall satisfy the following requirements

- The futures contract shall be based on any Rupee denominated money market interest rate or money market instrument.
- The method of computation of the rate/benchmark should be objective and transparent.
- The futures contract shall be cash settled in Indian Rupees or as approved by the Reserve Bank
- Registered exchanges shall, before any futures contract is introduced on the exchanges, submit complete details of the futures contract duly ratified by SEBI to the Reserve Bank for approval.

## US Opens Window to Cuba Trade but the Door is Still Shut!

### 4 Diplomatic Relations Restored, Commercial Flights Resumed

U.S. President Barack Obama has used his executive powers to ease some of the sanctions; making it easier to travel to Cuba and open up some trade and business opportunities. But the embargo continues to bite, especially in terms of international banking.

The trade embargo goes back to the early days of the Cuban revolution, when in 1960, Fidel Castro nationalized all U.S. owned businesses on the island without compensation. Since then, it's been expanded to cover trade, travel and finance.

In the past two years alone, the United States has fined three European banks a total of more than \$11 billion for violating U.S. sanctions against Cuba, Iran and Sudan.

Most banks are still afraid to do business with Cuba.

The embargo was intended to isolate Cuba's Communist government and remains one of the War.

U.S. citizens, though, still can't come as tourists. That remains banned under the decades old U.S. trade embargo which only Congress can repeal.

Obama has enacted six rounds of regulations punching holes in the half-century-old U.S. trade embargo on Cuba, allowing imports and exports, sales to the socialist government and limited U.S. investment on the island. Cuba has allowed Airbnb, Starwood hotels and 10 U.S. airlines to set up operations.

#### Cuban Cigar

The changes included stepping up joint medical and scientific research, increasing commerce

between the two nations as well as people-to-people exchanges.

The first steps toward normalized relations were announced in 2014.

“Castro Government says the Obama administration's unilateral moves were commendable but that they have been more beneficial to “the United States than [to] Cuba and the Cuban people.”

The new regulations, which took effect Monday, and are issued by the Departments of Commerce and Treasury, will pave the way for importing Cuban pharmaceuticals and for Americans to deal more directly with the new crop of Cubans who are

running their own business ventures.

#### Cuban Rum and Cigar

One of the key changes in the presidential directive – noted prominently in social media posts and news reports – calls for eliminating the \$100 limit on the value of Cuban rum and cigars that American travelers can bring back from the island.

Vidal said that the United States still does not permit sectors other than telecommunications to invest in Cuba, and that neither U.S. exports to Cuba nor imports from Cuba have increased to any great extent.

A big impediment are restrictions in U.S. bank dealings with Cuba.

Until today, Cuba has been unable to make deposits ... or make payments to others in USD. Banks around the world are still terrified to work with Cuba.



#### Tariff Value

[Ref: 133-Cus(NT) dated 31.10.2016]

Description of goods	Tariff value (USD PMT)
Crude Palm Oil	723
RBD Palm Oil	732
Others – Palm Oil	728
Crude Palmolein	737
RBD Palmolein	740
Others – Palmolein	739
Crude Soya bean Oil	853
Brass Scrap (all grades)	2971
Poppy seeds	2533
Areca nuts	2621
Gold	\$414 per 10 gms
Silver	\$577 per kg

## Norway Hosts WTO Mini Ministerial in Oslo

### 4 Fisheries Subsidy on Top Buenos Aires Ministerial Agenda

Trade ministers from over 20 WTO members concluded two days of informal talks from 21-22 October in Oslo, Norway for the global trade body's next ministerial in Buenos Aires, Argentina, in late 2017.

Oslo meetings discussed a range of topics, including agriculture, fisheries subsidies, services domestic regulation and trade facilitation, non-tariff barriers, e-commerce, and how to make the international trading environment more supportive for smaller businesses.

Other subjects raised included the role of regional and so-called "mega-regional" trade deals in the overall trading landscape.

Some countries reportedly raised the issue of public food stockholding at the Oslo meet, some sources said, a topic that has been debated often in the WTO's farm trade talks over the last several years.

The Oslo meeting was chaired by Norwegian Foreign Minister Børge Brende. His country holds the current chairmanship of the WTO's General Council in Geneva, with the General Council serving as the organisation's highest decision-making body outside the ministerial conference.

Along with Norway, the meeting's host, participants also included ministers or senior officials from members such as Argentina, Australia, Benin, Brazil, Canada, China, Colombia, the EU, India, Indonesia, Kenya, Japan, Lesotho, Mexico, Morocco, New Zealand, Pakistan, Russia, Rwanda, Switzerland, Singapore, South Africa, South Korea, and the US.

Other "mini-ministerial" gatherings are reportedly envisioned throughout the coming year. This includes the usual meetings in Davos, Switzerland, in January, as well as a Paris meeting along the sidelines of the Organisation for Economic Co-operation and Development's (OECD) annual spring gathering. Sources say that another such meeting may be held in September 2017, to help support the Buenos Aires preparations in their later stages.

#### Fisheries proposal from US, Seeks ban on capacity creating subsidies, exemption to less than 10m size small boats

Just prior to the meet, the European Union circulated its proposal on a multilateral outcome on disciplining harmful fisheries subsidies.

According to the proposal's text, the EU is suggesting banning "capacity-increasing subsidies," noting their negative ramifications in terms of overcapacity and overfishing. For example, it would ban state aid aimed at boosting a fishing vessel's fishing capabilities, purchasing or building such vessels, or transferring such vessels abroad.

#### Lesser Duty Rule in Anti-dumping Duty only upto Injury Margins under Attack Soon EU, Full Dumping Margin Duty Proposed

Leaders at last week's European Council called for reaching an "urgent and balanced agreement" by year's end on their position regarding a long-stalled proposal for the bloc to modify its trade defence instruments.

"In order to safeguard European jobs, ensure fair competition in open markets, and preserve free trade, it is of crucial importance that the EU's trade defence instruments are effective in the face

Such a prohibition would entail "special and differential treatment," allowing poorer members to be exempted from the ban in certain cases. This includes exempting subsidies for subsistence fishing vessels that are less than 10 meters in size.

Under the EU proposal, another scenario where developing or least developed countries could provide subsidies would be in cases where the relevant fish stocks are not recognised as overfished by the necessary authorities, with those stocks "managed on the basis of the best available science" and in line with conservation rules under international law. It outlines further details regarding both conditions. A management plan for "ensuring the sustainable exploitation of the stock" would also be needed.

The text further aims to tackle subsidies linked to illegal, unreported, and unregulated (IUU) fishing. "[This] would apply to operators whose vessels are included in the subsidising country's IUU-vessel list and/or that of a Regional Fisheries Management Organisations (RFMOs)," the proposal says

Lastly, the proposal calls for improving transparency in this area, specifically in terms of notification requirements to the global trade body. It then goes on to describe how such a multilateral accord could be structured.

#### US for Transparency, Pushes Plurilateral Agreement

Days later in Geneva, the US reportedly raised again its own past proposal to improve transparency in the field of fisheries subsidies, including on how the WTO's Committee on Subsidies and Countervailing Measures might be able to help improve compliance with rules on notifying state aid.

Sources say that the US transparency initiative saw interest from various fellow WTO members at the 25 October committee meeting, while at the same time drawing questions from Japan and India. While the former asked specifically what might be included in improved subsidies notifications, the latter focused more on ensuring that poorer WTO countries still receive special and differential treatment.

Meanwhile, another area of interest for trade watchers will be how a multilateral endeavour, as advocated by the EU and some other countries, will advance in parallel to a separate negotiating initiative being advanced by a subset of the WTO's membership. The latter initiative is currently being pushed by 13 WTO members, and was announced by the Office of the US Trade Representative last month.

of global challenges," said EU national leaders following the 20-21 October meeting in Brussels, Belgium.

Given this context, European Commission officials pressed openly for leaders to move forward on approving updates to the bloc's "trade defence instruments," which the EU's executive arm had proposed in April 2013.

The EU's executive arm circulated a new communication on the subject on 18 October, in which it tied the approval of the 2013 proposal to the difficulties facing its domestic steel industry and similar sectors.

Entitled "Towards a robust trade policy for the EU in the interest of jobs and growth," the document warns against the dangers of using outdated trade

*Under the current version of the lesser duty rule, the EU's executive arm usually imposes anti-dumping duties that are set only at the level of "injury" that a domestic industry has allegedly suffered as the result of unfair trade practices, instead of setting these duties to match the "dumping margin," which is essentially the difference between a good's "normal value" at home versus its export price abroad. The latter value can be much higher.*

remedy procedures, suggesting that doing so could exacerbate the struggles that some of the bloc's industries are facing.

"We have reached the limit of what is feasible under the existing EU trade defence legislation to rein in external overcapacities and dumping," the communication says.

Contd...256

### Customs Exchange Rates

[As on 02 Nov 2016]

Currency	Imports	Exports
<b>1 FC = IC</b>		
US Dollar	67.55	65.90
EURO	74.50	72.00
Pound Sterling	83.45	80.70
Australian Dollar	52.20	50.40
Bahrain Dinar	183.20	170.95
Canadian Dollar	51.60	50.00
Danish Kroner	10.05	9.65
Hong Kong Dollar	8.70	8.50
Kuwait Dinar	227.90	213.25
Newzeland Dollar	49.35	47.45
Norwegian Kroner	8.35	8.05
Singapore Dollar	48.90	47.30
South African Rand	5.00	4.65
Saudi Arabian Riyal	18.40	17.20
Swedish Kroner	7.70	7.40
Swiss Franc	68.60	66.40
UAE Dirham	18.75	17.60
Chinese Yuan	10.05	9.75
<b>100 FC = IC</b>		
Japanese Yen	65.55	63.35
Kenya Shilling	68.05	63.65

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

[Ref: 127-Cus (NT) dated 20th Oct 2016]

### Crude Down to \$45.78

Crude Oil (Indian Basket) from 26 Oct - 01 Nov 2016

	26 Oct	27 Oct	28 Oct	31 Oct	01 Nov
(\$/bbl)	48.23	48.50	48.50	47.26	45.78
(Rs/bbl)	3219.71	3244.05	3242.61	3159.50	3054.36
(Rs/\$)	66.76	66.89	66.86	66.86	66.71

(Previous Trading Day Price)

Source: Ministry of Petroleum & Natural Gas



## GST Scanner

### DGFT BRC Data, IEC Code and Forex Realisation to be Shared with GSTN

#### 4 19mn e-BRCs available on DGFT Site

[Ref: PIB (MoC&I) Press Release dated 28th October 2016]

The Goods and Services Network (GSTN) has signed a Memorandum of Understanding (MoU) with Director General of Foreign Trade (DGFT) for sharing of foreign exchange realisation and Import Export code data, a move that is expected to strengthen processing of export transactions of taxpayers under GST, increase transparency and reduce human interface.

The Memorandum of Understanding was signed by Shri Ajay K Bhalla, Director General of Foreign Trade and Shri Prakash Kumar, CEO, GSTN in New Delhi on 27.10.16. An electronic bank realisation certificate (eBRC) captures transaction level details of foreign exchange realised in India. The eBRC project implemented by DGFT created an integrated platform for receipt, processing and subsequent use of all Bank Realisation related information by exporters, banks, central and state government departments. The e-BRC project enabled banks to upload foreign exchange realisation information related to exports on to the DGFT server under a secured protocol.

So far 100 banks operating in India, including foreign banks and cooperative banks have uploaded more than 1.9 Crore

e-BRCs on to the DGFT server.

#### Sharing of data

1. eBRC data has proved to be a significant step in reducing the transaction cost of exporters. A Bank Realisation Certificate (BRC) is required for discharge of export obligation and claiming of incentives under Foreign Trade Policy. Its is also used by state government departments for refund of VAT. In addition, it is an important economic indicator as it quantifies transaction level export earnings.

2. DGFT has signed MOUs with 14 state governments and 2 central government agencies for sharing of the data.

3. At the state level, Commercial Tax Departments of 14 states have signed MoU with DGFT for receiving e-BRC data for VAT refund purposes. These are: (i) Maharashtra, (ii) Delhi, (iii) Andhra Pradesh, (iv) Odisha, (v) Chhattisgarh, (vi) Haryana, (vii) Tamil Nadu, (viii) Karnataka, (ix) Gujarat, (x) Uttar Pradesh, (xi) Madhya Pradesh, (xii) Kerala, (xiii) Goa, (xiv) Bihar.

In addition, Ministry of Finance, Enforcement Directorate and Agricultural & Processed Food Products Export Development Authority have signed MoU with DGFT for receiving e-BRC data.

### GSTN to Borrow Rs.800 crs for Infrastructure Cost

4 Authority to Charge Users for Cost Recovery, Tax Compliance Charge to be Borne by Tax Payer

4 Centre and State Government as Beneficiaries of GST Not Prepared to Pay for Collection Cost?

4 Gains will come to them from Profits with Rs. 10 crs Paltry Shareholding

GSTN will borrow Rs.800 crore from banks to fund infrastructure costs to support Goods and Services Tax rollout from April 1 next year.

The Goods and Services Tax Network (GSTN), a not-for-profit, non-government, private limited company promoted by the Central and State governments, is borrowing Rs.250 crore for working capital needs and another Rs.550 crore as long-term loan from domestic lenders, its chairman Navin Kumar told PTI.

The Centre has 24.5 per cent stake in GSTN and the state governments an equal share. The remaining 51 per cent is with private financial institutions.

Kumar said the cost of infrastructure to support the GST will be Rs.1,380 crore

out of which Rs. 550 crs will be from loans.

The central government's sanctioned grant is only Rs.315 crore for the first three years.

"The government has released Rs.120 crore from the grant, and we have used Rs.64 crore, rest of the money we have to refund to the government," Navin Kumar said, adding this year the entire expenses would be met through borrowing.

Kumar said after receiving Letter of Guarantee from the government, the GSTN will raise a five-year term loan of Rs.550 crore from various Indian banks.

"We have also requested for a Rs.250-crore working capital loan. So, if there is any delay by any government in making payment, then we will borrow money. We have selected the banks," he said.

### Contd...255

While the April 2013 proposal encompasses a series of changes to EU trade remedies, the communication circulated last week focuses particularly on the suggested changes to the so-called "lesser duty rule," which has reportedly been one of the main points of contention among EU leaders.

In 2013, the European Commission suggested deviating from this rule "in cases of circumvention, or where structural raw material distortions have been found to exist, and subsidisation," according to the draft legislative proposal tabled at the time.

The UK has reportedly been one of the member states opposing changes to the lesser duty rule, warning that should the EU impose higher anti-dumping duties on raw materials, which can be imported into the bloc to produce other final goods, this could actually make the production of these latter products more costly.

"We are not asking for duties on the scale of the US. Instead, we call for EU measures to be a better reflection of this calculated dumping level, so as to more decisively defend sectors such as ours from aggressive unfair trading practices by third countries," said Axel Egger, Director General of EUROFER, an industry group representing EU steel producers.

In its communication, the European Commission also gave a preview of their upcoming legislative proposal that would aim to change the way its anti-dumping investigations address "market" and "non-market" economies.

China has largely been the focus of this debate, in light of the December expiry of certain terms within its WTO accession protocol – specifically the section that allows for importing countries to use non-Chinese prices and costs in their investigations, unless Chinese producers can demonstrate that market economy conditions exist in their industry.

While there has been some debate over how to read this section of China's WTO accession commitments, the European Commission has held the view that it must make changes to its own anti-dumping rules to avoid being caught in a legal quandary after this December.

"The Commission will propose a new anti-dumping methodology to capture market distortions linked to state intervention in third countries that mask the true extent of dumping practices," said the communication.

In last week's communication, the Commission noted that similar provisions in the WTO accession protocols for Vietnam and Tajikistan would also require updating the EU's trade defence tools.

"The EU cannot remain defenceless against massive subsidies, government interference, lack of transparency, and non-independent financial sector providing unfair advantages to exporters in some countries," says the communication.

It also argued that making such changes would bring EU practices on par with those of other major players, such as the US and Canada.