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## New Drawback Rates Released

- Average 1-2% Hikes to Boost Export
- Brand Rate Allowed for Steel, Wheat
- Separate Entries for Shrimps, Leather Carpets, Cotton Yarn of 100 or more Counts. Suits, Jackets & Trousers, ACSR, Tractor Parts and Trailers
- Handicrafts, Textiles Suffer



### PIB Press Release Text

The Central Government has notified the Schedule of revised All Industry Rates of Duty Drawback effective from 23rd November, 2015.

These revised rates are based on average incidence of Customs and Central Excise Duties and Service Tax related with the manufacture of export goods and involve substantial total drawback for exporters. Apart from the rate changes, many new items have been included to better differentiate export products with higher duty incidence and also to address classification issues. Brand rate route has been extended to wheat export. A provision has been made to pay provisional drawback to exporters soon after export in case of certain exports made under claim for brand rate of duty drawback.

To expeditiously address exporters' concerns, if any, arising from the new

Schedule of Rates, feedback from Export Promotion Councils shall be taken into account by an Expert Committee that shall make further recommendations in January 2016 to the Government.

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

**[Ref: Circular No. 29/2015-Customs dated 16 November 2015]**

The revised All Industry Rates (AIR) of Duty Drawback has been notified vide Notification No. 110/2015-Customs (N.T.), dated 16.11.2015 which comes into force on 23.11.2015. These AIRs broadly take into account certain 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, the factoring of incidence of service tax paid on taxable services which are used as input services in the manufacturing or processing of export goods, factoring incidence of duty on HSD/furnace oil, value of export goods, etc.

2. The notification may be downloaded from Board's website and carefully perused for details of the changes. However, some of the changes are highlighted below –

(a) The composite rates have been increased in many cases like frozen shrimps/ prawns (chp 3, 16), perfumed agarbatti (chp 33), finished/ lining leather (chp 41), leather hand bags/ wallet/ belts (chp 42), industrial gloves (chp 42), certain MMF yarn/ fabric (chp 54, 55), readymade garment made of cotton, wool & cotton with lycra (chp 61, 62), made-ups of cotton/ MMF (chp 63), hand tools (chp 82), etc.

(b) Separate entries have been provided in the Drawback Schedule for Accelerated Freeze Dried (AFD) shrimps, lobster/ crab, pasteurized tinned chilled crab meat (chp 3, 16), fish oil (chp 15), fish meal (chp 23), potassium chlorate (chp 28), leather carpets (chp 42), polypropylene mats (chp 46), cotton yarn of 100 or more counts (chp 52), belting fabrics (chp 54),

filtration fabric made of polyester filament yarn/ polypropylene filament yarn/ polybutylene terephthalate (chp 54), suits, jackets & trousers (chp 61 & chp 62)- by trifurcating existing single entry, protective industrial wear made of aramid fibre/ modacrylic fibre/ cotton fibre (chp 62), glass art-ware/ handicrafts with silver coating (chp 70), aluminium conductor steel reinforced (chp 76), turbo charger (chp 84), tractor parts (chp 87), self-loading or self-unloading trailers and semi-trailers of a type used for agricultural purposes (chp 87), leg guards (chp 95).

(c) Rate has been provided for granulated slag (chp 26) and the description under heading 6802 has been reworded with respect to constituent material for tiles, handicrafts, etc.

(d) Certain products earlier having only customs rates, have been provided with composite rates. These include bicycle tyres (chp 40), bicycle tubes (chp 40), woven fabrics of other vegetable textile fibres/ woven fabrics of paper yarn

### Crude Crashes to \$40

Crude Oil (Indian Basket) from 11-17 Nov 2015

	11 Nov	12 Nov	13 Nov	16 Nov	17 Nov
(\$/bbl)	43.78	42.41	41.39	39.89	40.27
(Rs/bbl)	2904.49	2813.92	2737.61	2639.71	2657.22
(Rs/\$)	66.35	66.35	66.14	66.17	65.98

(Previous Trading Day Price)

Source: Ministry of Petroleum & Natural Gas

(chp 53), headgear (chp 65), umbrellas/walking sticks etc. (chp 66), artificial flowers etc. (chp 67), acrylic blankets (chp 63).

(e) Iron and steel (chp 72 from heading 7207 onwards), articles of iron and steel (chp 73), tools and parts of base metal (chp 82), miscellaneous articles made from steel (chp 83), machinery and appliances (chp 84), electrical machinery (chp 85), rolling stock (chp 86) and ships (chp 89) have been provided with increased customs rate of 2%, with certain exceptions.

(f) Composite rates for wooden art ware (chp 44), papier mache (chp 48), yarn/ fabric/ garment of silk (chp 50, 61, 62), certain MMF yarn/ fabric (chp 54, 55), carpets (chp 57), brass artware/ articles (chp 74), certain sports goods (chp 95) etc. see a reduction.

(g) AIR has been fixed as Rs. 209.3/gm for gold jewellery /parts and Rs. 2790/kg for silver jewellery /articles.

(h) Rates on remaining of the erstwhile DEPB items are being aligned with residuary rates, except where higher rates were due.

(i) Drawback caps, wherever meaningfully possible, have been provided normally in entries with rates higher than 1.9% (the highest residuary rate). It may be noted that the drawback cap of the nature provided for certain project exports applies when the conditions specified in the relevant Notes and conditions are met and it does not apply to other cases.

2. The Customs, Central Excise and Service Tax Drawback Rules, 1995 have also been amended vide Notification No. 109/2015-Customs (N.T.) dated. 16.11.2015 effective from 23.11.2015. This notification may also be perused. The first of these amendments enables exporters of "wheat" to function under the brand rate mechanism. The second change relates to payment of provisional drawback in certain cases of export under claim for brand rate. Presently, after export, a complete application for determination of brand under rule 7 of these Rules has to be filed at the Central Excise office to enable issuance of provisional drawback letter. The sub-rule (3) of Rule 7 has been amended so that Central Government may specify an amount for payment as provisional drawback by proper officer of Customs. Notification No. 110/2015-Customs (N.T.), dated 16.11.2015 (paragraph 3) specifies this amount as 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 the 'B' column in the Schedule. *The modified procedure for export under claim for brand rate under rule 7 of Drawback Rules 1995 is at Annexure 1.* The amount paid as provisional drawback under the above dispensation shall be taken into account by the Central Excise to authorize further provisional drawback, where necessary. The brand rate facilitation in terms of Para's 5A-5C of Instruction No. 603/01/2011-DBK dated 11.10.2013 would continue and there should be no delay by Central Excise formations in finalizing applications for fixation of brand rate.

3. 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 itself. Further, in case of claim of the composite (higher) rate of AIR, the processing should specifically ensure availability of 'Non-availment of Cenvat certificate' etc. at the export stage itself. 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.

4. 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. Details may be informed in case of any specific product on which the new Schedule has resulted in removal of drawback cap which is accompanied by an increase in the relative drawback amount per unit of product.

Enclosure: Annexure 1

F. No. 609/98/2015-DBK

#### Annexure 1 – Procedure for export under claim for brand rate under Rule 7 of Drawback Rules

1. The exporters opting for claim of brand rate under rule 6 the Customs, Central Excise Duties and Service Tax Drawback Rules, 1995 shall continue to declare the figure "9801" as an identifier under the Drawback details in the shipping bills filed.

2. For shipping bills filed on or after 23.11.2015, the exporters opting for claim of brand rate under rule 7 of Drawback Rules, 1995 shall declare the figure "9807" (instead of "9801") as an identifier in the shipping bill under the Drawback details. Immediately after the said identifier, the tariff item number of goods as shown in column (1) of the Schedule shall be declared followed by the character "B". For example, if "Tractors (other than tractors of heading 8709)" are exported under claim for brand rate under rule 7 and the related Drawback Tariff Item number for such tractors in the AIR Schedule is 8701, the declaration on the shipping bill would be "98078701B". Similarly, for "Bicycle pump" the related Drawback Tariff Item number in the AIR Schedule is 841403 and the declaration on the shipping bill would be "9807841403B". Such a shipping bill is to be processed by the Customs for payment of provisional drawback amount equivalent to the Customs component ('B' column of AIR Schedule consisting of rate and cap) for the said declared Drawback TI of AIR Schedule. This processing is subject to same conditions as applicable to AIR drawback wherein there is claim for only Customs component. Suitable change in EDI is being implemented by DG (Systems).

3.1 After goods are exported, the exporter may apply to the relevant Central Excise office for fixation of brand rate under rule 7. In case of a timely filed complete application for fixation of brand rate under rule 7, subsequent drawback payments may arise against such shipping bill on account of provisional brand rate letter issued by Central Excise in terms of para 5A-5B of Instruction No.603/01/2011-DBK dated 11.10.2013 and/or the final brand rate letter and here the above said provisional drawback amount already paid shall also be taken into account.

3.2 However, in case of a timely filed complete application for fixation of brand rate under rule 7, if the brand rate request is denied after verification, the rejection letter issued by Cen-

tral Excise and endorsed to the Customs formation should carry the information about the details of the eligibility for the rate and cap specified in 'A' column of AIR Schedule in terms of all the Notes and Conditions with the Schedule and on this basis the Customs shall update the record and after taking into account the payments already made, finalise the claim in terms of the AIR provisions.

3.3 It may be noted that only the first drawback amount processed through the EDI system is electronically validated with respect to Rule 8A of Drawback Rules, 1995. Therefore, wherever there is any subsequent EDI processing on basis of the AIR, this validation must be enforced by the Customs officer for the total drawback amount against relevant tariff item.

4. For shipping bills filed before 23.11.2015, the exporters opting for claim of brand rate under rule 7 of the Drawback Rules, 1995 would, as before, have declared the figure "9801" as an identifier in the shipping bill under the Drawback details. In such cases, if the Let Export Order date is to be on or after 23.11.2015, the exporter shall be facilitated to amend, prior to the actual LEO, the identifier along the lines mentioned in item 2 above. However, even if the LEO occurs on or after 23.11.2015 without such amendment, the exporter may provide the information to the Asst/Dy. Commissioner of Customs at the port of export that the option for claim of brand rate reflected in the shipping bill was intended to be under rule 7 of the Drawback Rules, 1995 and also indicate the Tariff Item number (as shown in column (1) of the AIR Schedule) corresponding to the export goods (exported in the shipping bill) and seek provisional drawback amount equivalent to the Customs component. The Customs shall enter this information in its records along with details of the calculation of the amount. The payment of the provisional drawback amount shall be processed with conditions as applicable to AIR drawback wherein there is claim for only the Customs component.

Dear Reader:

*The Weekly Index of Changes with World Trade Scanner Issue No. 34 is a combined issue, i.e., Issue No. 33 and 34 dated 11 November to 24 November 2015. – Editor*

## Drawback Notification on All Industry Rates w.e.f. 23 Nov 2015

Notifying All Industry Rates (AIR) of Duty Drawback w.e.f. 23.11.2015

110-Cus(NT) In exercise of the powers  
16.11.2015 conferred by sub-section (2)  
(DoR) 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.110/2014-CUSTOMS (N.T.), dated the 17<sup>th</sup>  
November, 2014, published vide number  
G.S.R. 814 (E), dated the 17<sup>th</sup> November, 2014,  
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 said First  
Schedule to the Customs Tariff Act, 1975.

(2) The general rules for the interpretation of the  
First Schedule to the said 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 artware or handicraft items shall be  
classified under the heading of artware 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  
under the drawback rate and drawback cap  
appearing below the column heading "Drawback  
when Cenvat facility has not been availed"  
refer to the total drawback (Customs, Central  
Excise and Service Tax component put together)  
allowable and those appearing under the column  
heading "Drawback when Cenvat facility has been  
availed" refer to the drawback allowable under  
the Customs component. The difference between  
the two columns refers to the Central Excise and  
Service Tax component of drawback. If the rate  
indicated is the same in both the columns, 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 Licence  
or Advance Authorisation or Duty Free Import  
Authorisation issued under the Duty Exemption  
Scheme of the relevant Export and Import Policy  
or the Foreign Trade Policy;

(c) manufactured or exported by a unit licensed  
as hundred per cent. Export Oriented Unit in  
terms of the provisions of the relevant Export  
and Import Policy or the Foreign Trade Policy;

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

## Excise Hike of Rs. 1.60/Ltr for Petrol and Rs. 0.40/Ltr for Diesel



Seeks to further amend  
notification No. 12/2012-  
Central Excise, dated  
17.03.2012 so as prescribe  
the Basic Excise Duty

(BED), with effect from 07.11.2015, on the  
following products at the rates indicated below:  
(i) Unbranded petrol from Rs.5.46 per litre  
to Rs. 7.06 per litre; (ii) Branded petrol from  
Rs. 6.64 per litre to Rs. 8.24 per litre; (iii)  
Unbranded diesel from Rs.4.26 per litre to Rs.  
4.66 per litre; and (iv) Branded diesel from  
Rs.6.62 per litre to Rs. 7.02 per litre.

43-CE In exercise of the powers  
06.11.2015 conferred by sub-section (1) of  
(DoR) section 5A of the Central

Excise Act, 1944 (1 of 1944),

the Central Government, being satisfied that it  
is necessary in the public interest so to do,  
hereby makes the following further amend-  
ments in the notification of the Government of  
India in the Ministry of Finance (Department of  
Revenue), No.12/2012-Central Excise, dated  
the 17<sup>th</sup> March, 2012, published in the Ga-  
zette of India, Extraordinary, Part II, Section 3,  
Sub-section (i) vide G.S.R. 163(E), dated the  
17<sup>th</sup> March, 2012, namely: -

In the said notification, in the Table,-

(i) in serial number **70**,-

(a) against item (i) of column (3), for the entry  
in column (4), the entry **Rs.7.06 per litre**  
shall be substituted;

(b) against item (ii) of column (3), for the  
entry in column (4), the entry **Rs.8.24 per  
litre** shall be substituted;

(ii) in serial number **71**,-

(a) against item (i) of column (3), for the entry  
in column (4), the entry **Rs.4.66 per litre**  
shall be substituted;

(b) against item (ii) of column (3), for the  
entry in column (4), the entry **Rs.7.02 per  
litre** shall be substituted.

2. This notification shall come into force with  
effect from the 7<sup>th</sup> day of November, 2015.

[F. No.354/123/2014-TRU]

Processing Zones or Special Economic Zones;

(e) manufactured or exported availing the  
benefit of the notification No. 32/1997-Cus-  
toms, dated 01<sup>st</sup> 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) Wherever specific rates have been pro-  
vided against tariff item in the said Schedule,  
the drawback shall be payable only if the amount  
is one per cent. or more of free on board value,

except where the amount of drawback per shipment exceeds five hundred rupees.

(13) 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 artware) or finished leather and other export products which are unconditionally exempt from the duty of central excise.

(14) 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.

(15) The term 'article of leather' in Chapter 42 of the said Schedule shall mean any article wherein 60% or more of the outer visible surface area (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.

(16) 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.

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

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

(19) 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.

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

(21) 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.

(22) 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.

(23) 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 1<sup>st</sup> 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.

## Drawback Rules, 1995 Amendments

*Making amendment to The Customs, Central Excise Duties and Service Tax Drawback Rules 1995*

109-Cus(NT) In exercise of the powers 16.11.2015 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:-

1.(1) These rules may be called the Customs, Central Excise Duties and Service Tax Drawback (Second Amendment) Rules, 2015.

(2) They shall come into force on 23<sup>rd</sup> November, 2015

2. In the Customs, Central Excise Duties and Service Tax Drawback Rules, 1995,-

(i) in **rule 3**, in sub-rule (1), in the second proviso, clause (v) shall be omitted;

(24) 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 Export and Import Policy or the 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.

(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 23<sup>rd</sup> day of November, 2015.

(ii) in **rule 6**, sub-rule (4) shall be omitted;

(iii) in **rule 7**, -

(a) in sub-rule (3), -

(A) for the words "Where the manufacturer or exporter desires that he may be granted drawback provisionally", the words "Provisional drawback amount, as may be specified by the Central Government, shall be paid by the proper officer of Customs and where the manufacturer or exporter desires that he may be granted further drawback provisionally" shall be substituted,

(B) for the words "applications made under that rule and the grant of provisional drawback", the words "applications made under that rule along with details of provisional drawback already paid and the grant of further provisional drawback" shall be substituted;

(b) sub-rule (5) shall be omitted.

[F. No. 609/94/2015-DBK]



## Swachh Bharat Cess of 0.5% as Service Tax on All Services from 15 Nov 2015 Announced

- Critics say that Swachh Bharat is a subject for municipalities. How much of the Tax Collection by the Centre will move to the Local Level remains to be seen. The SHE (Secondary and Higher Education Cess) is still sitting with the Centre and has not been used by the States. Collections are being misused if not abused.
- This may be a precursor of excise hike to 14.5% from the current 12.5% in forthcoming Budget 2016 to "rationalised" tax!

## Manual Process for Past Claims of FPS in 01.03.2014 to 31.08.2014 Allowed

Subject: Application for Duty Credit Scrips of additional 2% under Market Linked Focus Product Scheme (MLFPS).

08-TN Under the Foreign Trade  
03.11.2015 Policy 2009-14, DGFT vide  
(DGFT) Public Notice No. 53 dated  
27.2.2014 allowed for grant  
of additional Duty Credit Scrips @ 2% to certain specified products under the Market Linked Focus Product Scheme (MLFPS) for exports made w.e.f. 1.3.2014 to 31.8.2014 if exported to the EU (27 countries). This 2% duty credit scrips was in addition to the benefits of 2% under Focus Product Scheme (FPS).

2. It has come into the notice of DGFT through various representations that few exporters have already filed their application for FPS and received their claim. But they are eligible for additional benefits as per Public Notice No. 53 dated 27.2.2014 and are unable to file their applications online as their shipping bills have already been utilised to claim benefit under FPS and the system does not allow the claim of additional benefit on the utilised shipping bills.

3. To sort out the issue, it is decided that the exporters may file a letter with the concerned RA to claim additional benefit intimating the details of earlier application No. (E-Com Reference no.) file no. etc. along with shipping bill number, date of shipping bill, description etc. and coverage indicating serial no. of the Public Notice. RA may verify the claim and thereafter issue supplementary scrip.

## Indo-Myanmar Trade Switches to Normal Trade from Barter Trade with any Permitted Currency or ACU from 1 Dec'15

Sub: Switching from Barter Trade to Normal Trade at the Indo-Myanmar Border

AP(DIR Srs) Attention of the Authorised  
Cir.26 Dealers is invited to A.D.  
05.11.2015 (G.P.Series) Circular No.8  
(RBI) dated May 17, 1997 read with  
A.P. (DIR Series) Circular

No. 17 dated October 16, 2000 in terms of which it has been stipulated that the border trade between Myanmar and India may be settled through barter system. Further, in terms of Regulation 3 and 5 of the Notification No. FEMA 14/2000-RB dated May 3, 2000 [viz. Foreign Exchange Management (Manner of Receipt and Payment) Regulations, 2000] as amended from time to time, the trade transactions with Myanmar may be settled in any permitted currency in addition to the Asian Clearing Union mechanism.

2. Barter trade was initially permitted to facilitate exchange of locally produced commodities along the Indo-Myanmar border. As such, these transactions were not captured in the banking system or reflected in the trade statistics. However, over a period of time the trade basket has diversified and adequate banking presence is in place to support normal trade with Myanmar.

3. It has, therefore, been decided, in consultation with Government of India, to do away with

### PIB Press Release Text

Swachh Bharat Cess is not another tax but a step towards involving each and every citizen in making contribution to Swachh Bharat. In this direction, the Government has decided to impose, with effect from 15th November 2015, a Swachh Bharat Cess at the rate of 0.5% on all services, which are presently liable to service tax. This will translate into a tax of 50 paise only on every one hundred rupees worth of taxable services. The proceeds from this cess will be exclusively used for Swachh Bharat initiatives.

In the General Budget, 2015-16, a provision was made for levying a Swachh Bharat Cess on all or any of the services, for the purposes of financing and promoting Swachh Bharat initiatives or for any other purpose relating thereto.

We are a country of more than 120 crore people. For such a vast and populous country

we do have our fair share of cleanliness concerns. In fact, persons entrusted with the job of keeping our country clean, struggle constantly. Cleanliness also has huge impact on public health. Dirty surroundings also cause many diseases, like, malaria, dengue, diarrhoea, jaundice, cholera etc., with associated high public health expenditure. According to the Government of India estimates, expenditure on health adds up to Rs.6,700 crore annually (approximately Rs.60 per capita). Increased allocation for Swachh Bharat Abhiyan can prevent many of these diseases with consequential benefit to one and all.

Study by American Journal of Tropical Medicine and Hygiene reveals that between 2006 and 2012, India reported an annual average of 20,474 dengue cases, with direct medical cost of about Rs.3500 crore per annum.

### Swachh Bharat Tax under Chapter VI of FA 2015

21-ST In exercise of the powers conferred by sub-section (1) of section 119 of the  
06.11.2015 Finance Act, 2015 (20 of 2015), the Central Government hereby appoints the  
(DoR) 15<sup>th</sup> day of November, 2015 as the date with effect from which the provisions of Chapter VI of the said Act, shall come into force.

[F.No. 354/129/2015 - TRU]

### SBST of 0.5% Notified

22-ST In exercise of the powers conferred by sub-section (1) of section 93 of the  
06.11.2015 Finance Act, 1994 (32 of 1994) read with sub section (5) of section 119 of the  
(DoR) Finance Act, 2015 (20 of 2015), the Central Government, being satisfied that it is necessary in the public interest so to do, hereby exempts all taxable services from payment of such amount of the Swachh Bharat Cess leviable under sub-section (2) of section 119 of the said Act, which is in excess of Swachh Bharat Cess calculated at the rate of 0.5 percent. of the value of taxable services:

Provided that Swachh Bharat Cess shall not be leviable on services which are exempt from service tax by a notification issued under sub-section (1) of section 93 of the Finance Act, 1994 or otherwise not leviable to service tax under section 66B of the Finance Act, 1994.

This notification shall come into force from the 15<sup>th</sup> day of November, 2015.

[F.No. 354/129/2015 - TRU]

### No More Law Firms of Foreign Origin, Orders Supreme Court

Sub: No fresh permission/ renewal of permission to LOs of foreign law firms- Supreme Court's directions

AP(DIR Srs) The Hon'ble Supreme Court  
Cir.23 vide its interim orders dated  
29.10.2015 July 4, 2012 and September  
(RBI) 14, 2015, passed in the case  
of the Bar Council of India vs  
A.K. Balaji & Ors., has directed RBI not to grant any permission to any foreign law firm, on or after the date of the said interim order, for opening of Liaison Office (LO) in India. Hence, no foreign law firm shall be permitted to open any LO in India till further orders/notification in this regard. However, foreign law firms which have been granted permission prior to the date of interim order for opening LOs in India may be allowed to continue provided such permission

is still in force. No fresh permission/ renewal of permission shall be granted by RBI/AD banks respectively till the policy is reviewed based on, among others, final disposal of the matter by the Hon'ble Supreme Court.

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

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

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## Service Exporters to Get Refund of Service Tax Paid on Inputs

- Applicability of the scheme
- Additional documents to be submitted (i.e. in addition to those required to be filed along with the claim).

Exporters of services today accumulate CENVAT credit on both input services and input goods as they are unable to set-off their input levies. Speedy grant of refund of accumulated & unutilised CENVAT credit will help in ease of doing business by unlocking the accumulated credit.

Central Board of Excise & Customs (CBEC) has declared this year as the "Year of Tax Payer Services". In order to enable speedy grant of such refunds to the exporters of services, a scheme has been formulated whereby on sub-

Subject: Speedy disbursement of pending refund claims of exporters of services under rule 5 of the CENVAT Credit Rules, 2004.

187-ST The Board has been issuing instructions from time to time relating to the sanction and disbursement of refund claims

under various notifications. A simplified procedure for sanction of refund for select categories of exporters was outlined vide Circular No. 828/5/2006-CX dated 20-4-2006 issued from F. No. 268/4/2005-CX8. This year having been declared as the Year of Taxpayer Services, the Board has accorded primacy to speedy sanction of refunds in case of export of services. Keeping in mind the various legal changes in service tax since 2006 and the various representations received in this regard, I am directed to inform you that the following scheme has been drawn up to fast track sanction of refund of accumulated CENVAT credit to exporters of services. This scheme is not a substitute for the various notifications but is meant to complement them and is aimed at enabling ease of doing business.

### 2.0 Applicability of the scheme

2.1 This scheme is applicable to service tax registrants who are exporters of services, with respect to refund claims under rule 5 of the CENVAT Credit Rules, 2004, which have been filed on or before 31-3-2015, and which have not been disposed of as on date of the issue of this circular. Such registrants will be referred to as 'claimants' in the subsequent paragraphs.

2.2 The phrase 'disposed of' in this context refers to either sanction of refund or denial, either in whole or in part, by way of an adjudication order. Refunds which had been finalized earlier by issuance of an adjudication order but have been remanded back to the original sanctioning authority will not be covered under this scheme since re-examination of such claims will have to be done strictly in terms of the remand order of the Commissioner (Appeals)! CESTAT/ High Court.

### 3.0 Additional documents to be submitted (i.e. in addition to those required to be filed along with the claim).

3.1 A certificate from the statutory auditor in the case of companies, and from a chartered accountant in the case of assesseees who are not

- Operation of the scheme
- Monitoring and reporting
- Publicity

mission of a certificate from the statutory auditor/Chartered Accountant as well as the claimant, a provisional payment of 80% of the claimed amount will be made within 5 working days.

This scheme will be applicable to all refund claims which are pending as on 31-3-2015 and have not been disposed of by way of a sanction order. Details of the scheme are contained in Circular 187/6/2015-Service Tax dated 10-11-2015 which can be accessed on [www.cbec.gov.in](http://www.cbec.gov.in)

companies, in the format given in Annexure-1. 3.2 An undertaking from the claimant in the format given in Annexure-2.

## 4.0 Operation of the scheme

4.1 On receipt of the documents referred to in paragraph 3.1 and 3.2 above in respect of pending claims, the jurisdictional Deputy/Assistant Commissioner will give a dated acknowledgement to the claimant. He will then make a provisional payment of 80% (eighty per cent) of the amount claimed as refund, within five working days of the receipt of the documents.

4.2 The letter intimating the provisional payment should be in the format given in Annexure-3. It is clarified that this payment of 80% of the refund amount shall be purely provisional, based on the documents referred to in paragraphs 3.1 and 3.2 above and without prejudice to the department's right to check the correctness of the claim in terms of the relevant notification and recover any amount which has been provisionally paid. It is also clarified that the decision to grant provisional payment is an administrative order and not a quasi-judicial order and should not be subjected to review.

#### Annexure-1

To,  
The Deputy/Assistant Commissioner of Central Excise/Service Tax

Date:

Madam/Sir

1.0 This is to certify that for M/s \_\_\_\_\_, STC No. \_\_\_\_\_

1.1 The refund claim for Rs. \_\_\_\_\_ for the quarter \_\_\_\_\_ is complete in all aspects with all the relevant documents and has been filed within the prescribed time limit.

1.2 The amount of Rs. \_\_\_\_\_ claimed as refund for the quarter \_\_\_\_\_ by M/s \_\_\_\_\_ in their application for refund dated \_\_\_\_\_ is correct as per their books of accounts and relevant records and the same is in accordance with the provisions of rule 5 of the CENVAT Credit Rules, 2004, read with the notification no. \_\_\_\_\_ issued thereunder.

1.3 M/s \_\_\_\_\_ is eligible to take CENVAT credit in terms of the CENVAT Credit Rules, 2004, for the amount which is being claimed as refund.

1.4 The services which are claimed to be exported, qualify to be treated as exports in terms of the rules in force at the time of the said export.

**Signature of the statutory auditor/chartered accountant/  
authorized signatory of the statutory auditor/  
chartered accountant**

#### Annexure-2

To  
The Deputy/Assistant Commissioner of Central Excise/Service Tax

Date:

M/s \_\_\_\_\_, STC No. \_\_\_\_\_ hereby undertake that for any amount provisionally paid to me for the refund claim for Rs. \_\_\_\_\_ for the quarter \_\_\_\_\_, filed on \_\_\_\_\_, in case there is a

difference between the amount provisionally paid to me and the amount found to be admissible, I shall pay the said differential amount upon intimation about its inadmissibility, along with applicable interest thereon.

**Signature of the claimant**

#### Annexure-3

To,  
M/s  
STC No.

Date:

**Subject: Provisional payment of amount claimed as refund**

Please refer to your refund claim filed for the quarter \_\_\_\_\_ for an amount of Rs. \_\_\_\_\_, filed on \_\_\_\_\_

2. on the basis of the certificate dated \_\_\_\_\_ issued by the statutory auditor M/s \_\_\_\_\_/ Chartered Accountant M/s \_\_\_\_\_ dated \_\_\_\_\_, received in this office on \_\_\_\_\_, provisional payment of the amount of Rs. \_\_\_\_\_ is hereby made vide cheque No. \_\_\_\_\_ dated \_\_\_\_\_ on \_\_\_\_\_ Bank, \_\_\_\_\_.

3. This provisional payment of 80% of the refund amount is purely provisional and without prejudice to the right of the office of the Commissioner of Central Excise/Service Tax, \_\_\_\_\_ to check the correctness of the claim in terms of the relevant notification and recover the difference, if any, between-

3.1 the amount provisionally paid and the amount held to be admissible; and

3.2 any amount which appears to have been erroneously refunded.

**Signature of Deputy/Assistant Commissioner of Central Excise/Service Tax**

#### Annexure-4

**MIS Report** - Speedy disbursement of pending refund claims of exporters of services under rule 5 of the CENVAT Credit Rules, 2004.

Zone: \_\_\_\_\_ Month: \_\_\_\_\_ (Amount in lakhs)

Refund claims pending as on 31-3-2015	Claims for which documents (as required in Para 3 of the Circular) have been submitted	Amount of provisional payment made (Para 4.1 of the circular)			
No.	Amount	No.	Amount	No.	Amount
		For the Month	Upto the Month	For the Month	Upto the Month

No.	Amount	No.	Amount	No.	Amount
		For the Month	Upto the Month	For the Month	Upto the Month

4.3 After making the provisional payment, the jurisdictional Deputy/ Assistant Commissioner shall undertake checking the correctness of the refund claim in terms of the relevant notification.

4.4 During the course of verification, it may appear that a part of the amount claimed as refund is inadmissible. In such cases, a show cause notice (SCN) has to be issued asking the claimant to show cause why the inadmissible amount should not be denied and wherever relevant, why any amount which has been provisionally paid should not be recovered. However, prior to the issuance of such a SCN, the claimant may be intimated about the inadmissible amount so that he has an opportunity to avail of the provisions of section 73(3) of the Finance Act, 1994. A speaking, appealable order will have to be passed with respect to the SCN. This order will be reviewed by the jurisdictional Commissioner.

4.5 If during review of the refund order, any further amount is found to be inadmissible, then, apart from filing an appeal for setting aside or modifying the relevant portion of the order, a SCN will also have to be issued for the amount not covered by the original SCN. However, prior to the issue of such a SCN, the claimant may be intimated about the inadmissible amount so that he has an opportunity to avail of the provisions of section 73(3) of the Finance Act, 1994.

### 5.0 Monitoring and reporting

5.1 An MIS report in the format specified in Annexure-4 may be sent by the tenth of every month by email to [commr.st-cbec@nic.in](mailto:commr.st-cbec@nic.in).

5.2 Principal Commissioners/Commissioners should ensure that the provisional payment of refunds is done strictly in terms of the time lines specified and that there are no complaints regarding delays. They should also ensure that the staff dealing with refunds are adequately familiarised about this scheme so that it operates smoothly.

### 6.0 Publicity

6.1 Principal Chief Commissioners/Chief Commissioners should ensure that the contents of this circular are brought to the notice of the claimants as well as the departmental officers.

F.No. 137/62/2015-Service Tax

## RBI Extends Bulk or Single Sheet SOFTEX Reporting to All Software Exporters

Sub: Software Export – Filing of bulk SOFTEX-further liberalisation

AP(DIR Srs) Attention of Authorised Dealers is invited to A.P. (DIR Cir.27 Series) Circular No. 80 dated February 15, 2012, A.P. 05.11.2015 (DIR Series) Circular No. 66 dated January 01, 2013 and A.P. (DIR Series) Circular No. 43 dated September 13, 2013, in terms of which a software exporter,

whose annual turnover is at least Rs.1000 crore or who files at least 600 SOFTEX forms annually on an all India basis, is eligible to declare all the off-site software exports in bulk in the form of a statement in excel format, to the competent authority for certification on monthly basis.

2. In order to provide benefits to small exporters also, it has been decided to extend this facility to all software exporters. Accordingly, all software exporters can now file single as well as bulk SOFTEX form in excel format to the competent authority for certification. The SOFTEX form is given at Annex I. Since the SOFTEX data from STPI/SEZ is being transmitted in electronic format to RBI, the exporters are required to submit the SOFTEX form induplicate as per the revised procedure. STPI/SEZ will retain one copy and handover the duplicate copy to the exporters after due certification.

3. As hitherto, the software exporters can generate SOFTEX form number(single as well as bulk) for use in off-site software exports from the website [www.rbi.org.in](http://www.rbi.org.in). In order to generate the SOFTEX number/s, the applicant exporter has to fill-in the online form (Path [www.rbi.org.in](http://www.rbi.org.in) à Forms à FEMA Forms à Printing EDF/SOFTEX Form No.). The specimen of the online form and the advice are given at Annex II.

4. The Foreign Exchange Management Act (FEMA), 1999 requires exporters to complete the SOFTEX form using the number so allotted and submit it first to the competent authority for certification and then to the AD for further necessary action, as hitherto.

5. Authorised Dealers may bring the contents of this circular to the notice of their constituents concerned. The above instructions will come into

**BIG's Weekly Index of Changes No 34/18-24 November 2015**

## Exchange Rates for Customs Valuation

### Rupee Falls by 85 paise to Rs. 66.20 against Dollar for Import w.e.f. 6 Nov 2015; Gains Rs. 3 against Euro for Imports

106-Cus(NT) In exercise of the powers conferred by section 14 of the Customs Act, 1962 (52 of 1962), and in super session of the notification of the Central Board of Excise & Customs No.101/2015-CUSTOMS (N.T.), dated the 15<sup>th</sup> October, 2015, except as respects things done or omitted to be done before such supersession, the Central Board of Excise and Customs hereby determines that the rate of exchange of conversion of each of the foreign currency specified in column (2) of each of Schedule I and Schedule II annexed hereto into Indian currency or vice versa, shall, **with effect from 6<sup>th</sup> November, 2015** be the rate mentioned against it in the corresponding entry in column (3) thereof, for the purpose of the said section, relating to imported and export goods.

October, 2015, except as respects things done or omitted to be done before such supersession, the Central Board of Excise and Customs hereby determines that the rate of exchange of conversion of each of the foreign currency specified in column (2) of each of Schedule I and Schedule II annexed hereto into Indian currency or vice versa, shall, **with effect from 6<sup>th</sup> November, 2015** be the rate mentioned against it in the corresponding entry in column (3) thereof, for the purpose of the said section, relating to imported and export goods.

SNo. Currency	Imported Goods		Exported Goods	
	Current	Previous	Current	Previous
<b>Schedule I – Rate of exchange of one unit of foreign currency equivalent to Indian rupees</b>				
1. Australian Dollar	47.65	48.35	46.25	46.95
2. Bahrain Dinar	179.40	177.15	169.00	166.85
3. Canadian Dollar	50.50	50.75	49.35	49.65
4. Danish Kroner	9.70	10.10	9.45	9.85
5. EURO	72.30	75.30	70.50	73.45
6. Hong Kong Dollar	8.55	8.45	8.40	8.30
7. Kuwait Dinar	223.05	221.60	210.70	208.55
8. Newzeland Dollar	43.85	44.90	42.65	43.55
9. Norwegian Kroner	7.70	8.15	7.50	7.90
10. Pound Sterling	102.10	101.40	99.85	99.20
11. Singapore Dollar	47.25	47.70	46.30	46.60
12. South African Rand	4.85	5.05	4.60	4.75
13. Saudi Arabian Riyal	18.00	17.80	17.05	16.80
14. Swedish Kroner	7.70	8.10	7.50	7.90
15. Swiss Franc	67.00	69.15	65.30	67.50
16. UAE Dirham	18.40	18.15	17.40	17.15
17. US Dollar	66.20	65.35	65.15	64.30

**Schedule II – Rate of exchange of 100 units of foreign currency equivalent to Indian rupees**

1. Japanese Yen	54.65	55.10	53.45	53.85
2. Kenya Shilling	66.25	64.65	62.55	61.00

[F.No.468/01/2015-Cus.V]

force with immediate effect.

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

**[Annexure is available at [www.worldtradesScanner.com](http://www.worldtradesScanner.com)]**

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the barter system of trade at the Indo-Myanmar border and switch over completely to normal trade with effect from December 1, 2015. Hence instructions contained in A.P. (DIR Series) Circular No. 17 dated October 16, 2000, stand withdrawn. Accordingly, all trade transactions with Myanmar, including those at the Indo-Myanmar border with effect from December 1, 2015 would be settled in any permitted currency in addition to the Asian Clearing Union mechanism.

4. Authorised Dealers may bring the contents of this circular to the notice of their constituents concerned.

5. Reserve Bank has also amended the Principal Regulations through the Foreign Exchange Management (Export of Goods & Services) (Second Amendment) Regulations, 2015 notified through Notification No FEMA.347/2015-RB dated July 24, 2015, vide G.S.R. No 579 (E) dated July 24, 2015.

6. The directions contained in this circular have been issued under Section 10(4) and Section 11(1) of the FEMA, 1999 (42 of 1999) and are without prejudice to permissions / approvals, if any, required under any other law.

## Coal Plants to Work Efficiently, Imported Coal only for Coastal Units, says Minister

India would not have to import coal by 2017 – except to meet requirement of coastal power plants – as a result of several measures initiated by the government, even as a comprehensive energy policy is being worked out.

“By 2017, India should not need to import coal except for those coastal plants where it is very difficult to transmit coal. I am fairly confident the era of shortages is over,” coal and power minister Piyush Goyal told an industry gathering organised by consultancy firm KPMG.

Addressing the same gathering, oil minister Dharmendra Pradhan said the government is working on a comprehensive energy policy with NITI Aayog which will elaborate about

energy mix of the country till 2050.

India spent some Rs 1 lakh crore to import 212 mt (million tonnes) of coal in 2014-15. But imports have been declining for the fourth consecutive month in October by 5% to 14.5 mt from a year-ago period. In September, coal imports dropped by more than 27% to 12.6 mt on rise in domestic production.

India is the third-largest producer of coal after China and the US with 299 billion tonnes of resources and 123 billion tonnes of proven reserves, which may last for over 100 years. The government has set a target of 1.5 billion tonnes of coal production by 2020.

India imports 80% of its oil requirements and



spent \$112.7 billion in 2014-15 to import 189.4 million tonne of crude. Low oil prices is expected to bring down this expenditure to \$88 billion (at \$65/barrel and \$ exchange rate of Rs 62) in 2015-16 for a projected 188.2 million tonne of oil.

Goyal said the discoms debt recast would allow state-run power lending firm PFC and REC to lend \$20 billion for transmission and renewables etc.

“At next level of UDAY - the debt recast plan for discoms announced recently - we are looking at complete ability to exchange coal or to swap coal, complete synergy in the in power and coal sectors so that coal is used most efficiently by the most efficient power plants at the nearest location and power is transmitted rather than coal,” Goyal said.

He said that South India benefited by 5000 mw of additional power in last 18 months and 20,000 mw additional transmission capacity are in the pipeline.

## China's Steel Industry Peers into Abyss as Output to Plunge

Crude steel production in China will collapse by 23 million metric tons next year, according to the nation's leading industry group. That's equivalent to more than a quarter of annual output from the U.S.

Supply from the top producer may drop 2.9 percent to about 783 million tons from 806 million tons in 2015, according to the China Iron & Steel Association. The slump would be driven by a deepening downturn in local demand and as mills encounter stiffer opposition to exports, Deputy Secretary General Li Xinchuang said in an interview on Wednesday.

China's mills, which produce about half of worldwide output, are battling against losses, oversupply and sinking prices as local consumption shrinks for the first time in a generation. The fallout from the steelmakers' struggles is hurting iron ore prices and boosting trade tensions as mills seek to sell their surplus overseas. Shanghai Baosteel Group Corp. has forecast that China's steel production may eventually shrink 20 percent.

Li's estimate of 783 million tons of Chinese production compares with supply from the U.S. of 88.3 million tons in 2014, according to data from the World Steel Association for 2014, the last complete year of figures. That year, output in China was 823 million tons.

Steel demand in China would slump to about 654 million tons in 2016 from 668 million tons this year, said Li, who's also president of the China Metallurgical Industry Planning & Research Institute. Iron ore imports may drop to 920 million tons in 2016 from about 930 million tons, according to Li.

Steel extended losses on Wednesday. Futures for reinforcement-bar, a benchmark product that's used in construction, fell as much as 1.1 percent to 1,733 yuan (\$271) a ton in Shanghai, a record low. On Tuesday, iron ore with 62 percent content delivered to Qingdao lost 4.5 percent to \$45.58 a dry ton, a four-month low, according to Metal Bulletin Ltd.

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\*See details in [www.worldtradesScanner.com](http://www.worldtradesScanner.com)