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HS Nomenclature 2017 Comes into Effect from 1 Jan 2017



The WCO has published the accepted amendments to the Harmonized System (HS) Nomenclature that will enter into force on 1 January 2017. It includes 233 sets of amendments, divided as follows: agricultural sector 85; chemical sector 45; wood sector 13; textile sector 15; base metal sector 6; machinery sector 25; transport sector 18; other sectors 26.

Environmental and social issues of global concern are the major feature of the HS 2017 amendments. The majority of these changes to the HS have been broached by the FAO (Food and Agriculture Organization of the United Nations).

Due to the importance of the HS in the collection of trade statistics, the HS 2017 amendments for fish and fishery products are to further enhance the coverage of species and product forms which need to be monitored for food security purposes and for better management of resources. The split by more detailed product forms for crustaceans, molluscs and other invertebrates is motivated by the importance of trade and consumption of these species in the various product forms. The subdivisions enable a better correspondence between the HS and the United Nations Central Product Classification (CPC). The amendment for cuttlefishes and squids is to extend the coverage of the present codes, in order to have all those species grouped. At present, a significant share of cuttlefish and squid trade is recorded under residual codes for molluscs.

The amendment for forestry products aims at one main area: enhancement of the coverage of wood species in order to get a better picture of trade patterns, including endangered species. In particular, separating the data on tropical wood trade will both serve to focus attention on the important issue of tropical wood use and clarify data on non-tropical hardwoods. The HS 2017 amendments also include the creation of new subheadings for the monitoring and control of certain products of bamboo and rattan, requested by the International Network for Bamboo and Rattan (INBAR).

Nearly one-half of the world's population lives at risk of malaria. The HS 2017 amendment aims at detailed information for several categories of products that are used as antimalarial commodities.

The HS 2017 Edition also introduces new subheadings for specific chemicals controlled under the Chemical Weapons Convention (CWC), for certain hazardous chemicals controlled under the Rotterdam Convention and for certain persistent organic pollutants (POPs) controlled under the Stockholm Convention. Furthermore, at the request of the International Narcotics Control Board (INCB), new subheadings have been introduced for the monitoring and control of pharmaceutical preparations containing ephedrine, pseudoephedrine or norephedrine, and for alpha-phenylacetone nitrile (APAAN), a pre-precursor for drugs.

Other amendments resulted from changes in international trade patterns. Headings 69.07 (unglazed ceramic products) and 69.08 (glazed ceramic products) were merged to take account of the fact that the main subheadings within these headings concern

products which are essentially no longer manufactured, and the industry and trade no longer make a distinction between unglazed and glazed ceramic products, whilst new products with a very high trade volume are classified under subheadings 6907.90 and 6908.90 ("Other").

Furthermore, for purposes of adapting the HS to current trade practices, certain important products will be separately identified in either existing or new subheadings.

Advances in technology are also reflected in the amendments, inter alia, the size criteria for newsprint, light-emitting diode (LED) lamps, multi-component integrated circuits (MCOs), and hybrid, plug-in hybrid and all-electric vehicles.

Finally, the amendments include clarification of texts to ensure uniform application of the nomenclature. For example, the regrouping of monopods, bipods, tripods and similar articles in a new heading, namely 96.20.

The Implementation period

WCO Secretariat has worked out the requisite correlation tables between the old and new editions of the HS, and on updating the HS publications, such as the Explanatory Notes, the Classification Opinions, the Alphabetical Index and the HS online database.

Customs administrations have a huge task to ensure timely implementation of the HS 2017 Edition, as required by the HS Convention. The process of implementing the HS 2017 in their national Customs tariff or statistical nomenclatures has begun. India is slow, the HS2017 is seen as mere "editing" changes in classification (Ref 2016 Budget letter from TRU to field Commissioners).

India and HS2017

India has done nothing to update its 20 year old antiquated eight digit extension of the six digit WCO classification. For example, push button phones still occupy an independent eight digit code under the six digit code of 851712 for mobile phones. Smart phones and tablet phones do not have a code and are subsumed under the "Other" category reserved for miscellaneous items even though the two phones occupy the bulk of the volume in mobile phones.

It is correctly said that customs have a vested interest in preserving the antiquated system. They can play around with the system to classify new items entering the trade basket to codes which have high duties. For example, wrist bands to measure body activities have entered the trade basket, customs classify them under wireless equipment on account of their blue tooth capability. The correct classification should be under measuring instruments which attract low duty. If new items were given a code in the initial stage, this problem will not arise. China has moved fast to adopt its system to HS2017. It has dropped 2500 HS Codes in a sudden move to update its system to the new world!



Demonetisation

Finally a Presidential Ordinance to “Punish” the Holders of Official Currency to Jail Term for those who Hold 1000 and 500 Rupee Notes after 31 Mar 2017

- 4 Specified Bank Notes Cessation of Liabilities Ordinance under Issue Soon
- 4 Another Ordinance to Disown Sovereign Liability on Demonetisation
- 4 Use SBN and Face after 31 Dec 5000 Rupee Fine



The Cabinet cleared promulgation of an ordinance to penalise persons holding demonetised Rs 500 and Rs 1,000 notes after 31 March, when the deadline to deposit these notes at the RBI window ends.

As per the ordinance named the Specified Bank Notes Cessation of Liabilities Ordinance, holding these notes after 31 March deadline would be a criminal offence, say some of the media reports.

The Cabinet today approved promulgation of an ordinance to impose a penalty, including a jail term, for possession of the scrapped 500 and 1,000 rupee notes beyond a cut-off.

The Cabinet headed by Prime Minister Narendra Modi also approved an ordinance to amend the RBI Act to extinguish the liability of the government and the central bank on the demonetised high-denomination notes to prevent future litigations.

Old notes holders after 31 March is likely to face 4-year jail term and also those who transact in old notes is likely to face a penalty of Rs 5,000.

However, a PTI report said the official sources did not say if the penal provisions would apply for holding the junked currency after the 50-day window to deposit them in banks ends as of December 30 or after March 31, till which time deposit of old currency notes at specified branches of the Reserve Bank after submitting a declaration

form is open.

The ordinance will extinguish the liability of the government and RBI towards the promise to pay the bearer of these notes their value because of a statutory requirement. In 1978 a similar ordinance was issued to end the government's liability after Rs 1,000, Rs 5,000 and Rs 10,000 notes were demonetised by the Janata Party government under Morarji Desai.

The Government is trying to get out of judicial scrutiny of its actions by resorting to Parliament sovereignty and supremacy over judiciary. The Ordinance will prevent future litigations against the government for junking Rs 500 and Rs 1,000 notes. It is a moot point whether this provision will survive judicial scrutiny.

Exemptions are provided by a proviso would be added to ensure that certain category of people can still deposit the old notes in RBI branches between 31 December and 31 March next, said the report.

The government had, while announcing the demonetisation of the old currency on 8 November, allowed holders to either exchange them or deposit in bank and post office accounts.

While the facility to exchange the old notes has since been withdrawn, depositors have time till 30 Dec to deposit the holding in their accounts.

Japan Drags India to WTO on Steel MIP

- 4 Alleges Nullification of Concessional Duty on 29 Lines in Steel Chapter under Bilateral FTA
- 4 India Substitutes MIP with Anti-Dumping and Safeguards to Protect Domestic Industry

Japan dragged India to the World Trade Organisation (WTO) against certain measures taken by New Delhi on imports of iron and steel products.

“On December 20, Japan notified the WTO Secretariat that it had requested dispute consultations with India in the dispute ‘India-Certain Measures on Imports of Iron and Steel Products’,” the WTO has said.



India has imposed minimum import price (MIP) on imports of certain iron and steel products. (These are violative of WTO rules

as the Agreement on Customs Valuation specifically forbids this practice. India has used this as a temporary measure which can be withdrawn quickly if and when the affected country moves against the trade restricting measure).

In February, India imposed MIP of 173 products for six months, which was later extended twice for two months. The government extended MIP on 19 products till February 4, 2017 by which time the so called WTO compliant measures will be in place. India has imposed MIP as growing imports

from steel surplus countries like China, Japan and Korea with predatory prices have been a major concern for the domestic industry since September 2014.

As Japan has filed the case, it will do bilateral consultations with India on the issue.

As per the WTO's dispute settlement process, the request for consultations is the first step in a dispute.

Consultations give the parties an opportunity to discuss the matter and to find a satisfactory solution without proceeding further with litigation.

After 60 days, if consultations fail to resolve the dispute, the complainant may request adjudication by a panel.

India and Japan implemented a comprehensive free trade agreement in 2011. It gave easy access to Japan in the Indian steel market. Indian industry has time and again demanded to take out the steel sector from the pact. But it can happen only after both the sides agree to do the same. (Ref: BIG's Easy Reference Customs Tariff Country Preferences Section for Text of Notification).

The bilateral trade between the countries stood at \$14.51 billion in 2015-16. Trade is highly in favour of Japan.

India exports, specially textiles, have gained substantially from the Agreement with Japan.

India May Cut Gold Duty to 6% from 10%



India, the world's second-biggest consumer of gold, is said to be considering cutting the import tax on the precious metal in order to curb its smuggling, according to people familiar with the matter.

The government is planning to reduce the duty to 6 percent from 10 percent now, said the people, who asked not to be named as they are not authorized to speak to the media.

Gold shipments to India, which accounted for a quarter of global demand in 2015, have fallen due to higher prices in the first half of this year, a crackdown on undisclosed income and the government's decision to withdraw old high-value bank notes. The government had raised the import tax three times in 2013 to curb inbound shipments, narrow a record current-account deficit and stop a slump in the rupee. This has led to wide scale smuggling with official prices at four to five percent discount to compete with “duty free” imports of gold in the unofficial channels.

Smuggled gold imports were estimated to be in the range of 140 tons to 160 tons in 2016, higher than the 120 tons in the previous year, according to the World Gold Council. It estimated in November that consumption would be 650 tons to 750 tons this year, the lowest in seven years.

Anti-dumping Duty of \$28.86, Tata Chem (\$20.35) per tonne on Soda Ash Lifted

- 4 Tata Chem is both Exporter and Domestic Industry in Soda Ash Industry
- 4 Kenya Soda Ash is Pure in Virgin Conditions, Needs Little Purification, Manufacture in India is Highly Power Intensive
- 4 Glass Manufacturers Get Relief from Anti-dumping Authority in Mid Term Review
- 4 Gujarat High Court Stay on 13 December Plays Key Role
- 4 Notification 34/2012 of 3 July 2012 and 08/2013 of 18 April 2013 Rescinded
- 4 Two Mid Term Review Findings Notification
- 4 Imports from Kenya and China to Shoot up, Tata Chemicals to Gain as Exports from Kenya



Highlights of the Final Findings

- 4 All India Glass Manufacturers' Federation (AIGMF), a representative body of importers/users of the subject goods
- 4 Claimed that the circumstances that were prevalent during the period of investigation of the original investigation have changed significantly leading to a situation where the existing anti-dumping duties are no longer warranted.
- 4 Applicant has submitted that the import prices of the subject goods have increased significantly; that domestic selling prices have also increased significantly; that the cost of major raw materials have also increased, but not in proportion to the increase in the prices of the imports of the subject goods from the subject countries. The injury margin has come down
- 4 It is noted that average inventories have remarkably decreased during the POI as compared to the earlier years.
- 4 Profitability of domestic industry in terms of profit before tax and interest and cash profit has remarkably increased in the POI as compared to base year.
- 4 The Authority notes that during POI, while the capacity of production has remained constant throughout the injury period including the POI, the performance of the domestic industry has improved remarkably in terms of production, sales volumes, profit, cash profit, return on capital employed and inventory.
- 4 The domestic producers may be treated as non-cooperating and duty may be withdrawn immediately with effect from the date of commencement of POI. The fact that the major domestic producer is also importing the subject goods also supports the conclusion that there is no requirement for continued imposition of Anti-dumping Duty.

Submissions made by the Domestic Industry

- 4 The dumping margin determined in pre-

vious investigations and present investigation is significant. Significant positive dumping and injury margins itself warrants continuation of antidumping duty.

- 4 There is a huge demand supply gap in USA and China. Exporters from Pakistan are expanding its capacities as sourced from IHS journal.
- 4 Significant costs have been incurred, in the expansion of capacities by the domestic industry that is in process of being added. This should be considered while determining likelihood of injury in the event of withdrawal of antidumping duty.
- 4 The CESTAT decision on Hindustan Lever is not relevant as it has been set aside and the reliance on CESTAT decision on Jindal Stainless Ltd is misplaced as there was no evidence of likelihood of injury and nor that fact was argued.
- 4 Reliance on Forum of Acrylic Fibre Manufacturers case is misplaced as unlike the case the landed value is not much above the level of non injurious price or selling price of the domestic industry.

Recommendation

- 4 Having concluded that there is a remarkable improvement in the performance of the domestic industry and there is no likelihood of recurrence of injury on account of dumped imports of the subject goods from the subject countries if the duties are revoked, the Authority holds that there is no need for continued imposition of the anti-dumping duties on the imports of the subject goods, originating or exported from the subject countries, and the same is required to be withdrawn.

[Customs Notification No. 56 (ADD) dated 21st December 2016]

Whereas, the designated authority vide notification No. 15/17/2015-DGAD, dated the 1st October, 2015, published in the Gazette of India, Extraordinary, Part I, Section 1, dated the 1st October, 2015, had initiated Mid-Term Review investigation in terms of sub-section (5) of section 9A of the Customs Tariff Act,

1975 (51 of 1975) (hereinafter referred to as the Customs Tariff Act), read with rule 23 of the Customs Tariff (Identification, Assessment and Collection of Anti-dumping Duty on Dumped Articles and for Determination of Injury) Rules, 1995, (hereinafter referred to as the Anti-dumping Rules) in the matter of continuation of anti-dumping duty on imports of Soda Ash (hereinafter referred to as the subject goods), falling under sub-heading 2836 20 of the First Schedule to the Customs Tariff Act, originating in, or exported from, **Turkey and Russia** (hereinafter referred to as the subject countries), imposed vide notification of the Government of India, in the Ministry of Finance (Department of Revenue) No.08/2013-Customs (ADD), dated the 18th April, 2013, published in the Gazette of India, Extraordinary, Part II, Section 3, Sub-section (i) vide number G.S.R.258(E), dated the 18th April, 2013;

And, Whereas, the designated authority, in its final findings in Mid-Term Review (hereinafter referred to as the final findings) vide notification No.15/17/2015-DGAD, dated the 23rd September, 2016, published in the Gazette of India, Extraordinary, Part I, Section 1, dated the 23rd September, 2016, has come to the conclusion that-

(i) although dumping has continued despite the anti-dumping duties in force and the dumping of subject goods from the subject countries is positive during the Period of Investigation (hereinafter referred to as POI), the adverse impact of the same on the volume, prices and profitability of the domestic industry is absent during the POI as well as post-POI;

(ii) both undercutting and underselling are negative during POI as well as post-POI;

(iii) the injury margin is negative during POI as well as post-POI;

(iv) the likely injury margin, on the basis prices of third country exports by the subject countries during the POI are also negative;

(v) price suppression and price depression effects are absent;

(vi) all most all volume parameters and price parameters of the domestic industry are positive during POI and post-POI and there is a remarkable improvement of lasting nature in the performance of the domestic industry;

(vii) although dumping continues, neither it has caused injury to the domestic industry, nor is there any likelihood of causing injury in the event of revocation of the anti-dumping duties,

and has recommended revocation of the anti-dumping duties imposed on the imports of the subject goods, originating in or exported from the subject countries;

And whereas, the said final findings dated the 23rd September, 2016 were challenged in the Hon'ble High Court of Gujarat in Special Civil Applications No.16427 and 16429 of 2016 and the High Court vide it's

order dated the 13th December, 2016 has held that in case, pursuant to the impugned final findings recorded by the designated authority, the Central Government publishes a notification in the Official Gazette under rule 18 of the Antidumping Rules, the same shall not be acted upon till the final disposal of these petitions.

Now, therefore in exercise of the powers conferred by sub-section (1) and sub-section (5) of section 9A of the Customs Tariff Act, 1975 (51 of 1975), read with rules 18 and 23 of the Customs Tariff (Identification, Assessment and Collection of Anti-dumping Duty on Dumped Articles and for Determination of Injury) Rules, 1995, and in view of the aforesaid order of the High Court of

[Customs Notification No. 55 (ADD) dated 21st December 2016]

Whereas, the designated authority vide notification No.15/28/2014-DGAD, dated the 21st July, 2015, published in the Gazette of India, Extraordinary, Part I, Section 1, dated the 21st July, 2015, had initiated mid-term review investigation in terms of sub-section (5) of section 9A of the Customs Tariff Act, 1975 (51 of 1975) (hereinafter referred to as the Customs Tariff Act), read with rule 23 of the Customs Tariff (Identification, Assessment and Collection of Anti-dumping Duty on Dumped Articles and for Determination of Injury) Rules, 1995 (hereinafter referred to as the Anti-dumping Rules) in the matter of continuation of anti-dumping duty on imports of Soda Ash (hereinafter referred to as the subject goods), falling under sub-heading 2836 20 of the First Schedule to the Customs Tariff Act, originating in, or exported from, People's Republic of **China, European Union, Kenya, Pakistan, Iran, Ukraine and United States of America** (hereinafter referred to as the subject countries), imposed vide notification of the Government of India, in the Ministry of Finance (Department of Revenue) No.34/2012-Customs (ADD), dated the 3rd July, 2012, published in the Gazette of India, Extraordinary, Part II, Section 3, Sub-section (i) vide number G.S.R.528(E), dated the 3rd July, 2012;

And, whereas, the designated authority, in its final findings in mid-term review (hereinafter referred to as the final findings) vide notification No.15/28/2014-DGAD, dated the 23rd September, 2016, published in the Gazette of India, Extraordinary, Part I, Section 1, dated the 23rd September, 2016, has come to the conclusion that-

(i) although dumping has continued despite the anti-dumping duties in force and the dumping of subject goods from the subject countries is positive during the Period of Investigation (hereinafter referred to as POI), the adverse impact of the same

Gujarat dated the 13th December, 2016, the Central Government hereby **rescinds** the notification of the Government of India, in the Ministry of Finance (Department of Revenue), **No.08/2013-Customs (ADD), dated the 18th April, 2013**, published in the Gazette of India, Extraordinary, Part II, Section 3, Sub-section (i) vide number G.S.R. 258(E), dated the 18th April, 2013, except as respects things done or omitted to be done before such rescission, and such recession shall remain in abeyance subject to the final order of the Hon'ble High Court of Gujarat in Special Civil Applications No.16427 and 16429 of 2016.

[F.No.354/30/2013 –TRU (Pt.-1)]

on the volume, prices and profitability of the domestic industry is absent during the POI as well as post-POI;

(ii) both undercutting and underselling are negative during POI as well as post-POI;

(iii) the injury margin is negative during POI as well as post-POI;

(iv) the likely injury margin, on the basis prices of third country exports by the subject countries during the POI are also negative;

(v) price suppression and price depression effects are absent;

(vi) all most all volume parameters and price parameters of the domestic industry are positive during POI and post-POI and there is a remarkable improvement of lasting nature in the performance of the domestic industry;

(vii) although dumping continues, neither it has caused injury to the domestic industry, nor is there any likelihood of causing injury in the event of revocation of the antidumping duties,

and has recommended revocation of the

Three Months Extension to Anti-dumping Investigation of China Origin Aluminium Radiator, Aluminium Radiator Sub-Assemblies and Core including CKD or SKD

4 Complainant Banco Products Baroda

[TRU Office Memorandum dated 22nd December 2016]

Subject: Anti-dumping investigation concerning imports of 'Aluminium Radiators, Aluminium Radiator Sub-Assemblies and Aluminium Radiator Core', originating in or exported from China PR – Extension of Time.

The undersigned is directed to refer to your D.O letter No. 14/24/2015-DGAD dated 13th December, 2016 on the above mentioned subject.

2. In this connection, this is to inform you that the Competent Authority in the Ministry of Finance has accorded approval for extension of time for completion of investigation for 3 months i.e up to 31 March, 2017 for

anti-dumping duties imposed on the imports of the subject goods, originating in or exported from the subject countries;

And whereas, the said final findings dated the 23rd September, 2016 were challenged in the Hon'ble High Court of Gujarat in Special Civil Applications No.16426 and 16428 of 2016 and the High Court vide its order dated the 13th December, 2016 has held that in case, pursuant to the impugned final findings recorded by the designated authority, the Central Government publishes a notification in the Official Gazette under rule 18 of the Antidumping Rules, the same shall not be acted upon till the final disposal of these petitions.

Now, therefore in exercise of the powers conferred by sub-section (1) and sub-section (5) of section 9A of the Customs Tariff Act, 1975 (51 of 1975), read with rules 18 and 23 of the Customs Tariff (Identification, Assessment and Collection of Anti-dumping Duty on Dumped Articles and for Determination of Injury) Rules, 1995, and in view of the aforesaid order of the Hon'ble High Court of Gujarat dated the 13th December, 2016, the Central Government hereby **rescinds** the notification of the Government of India, in the Ministry of Finance (Department of Revenue), **No.34/2012-Customs (ADD), dated the 3rd July, 2012**, published in the Gazette of India, Extraordinary, Part II, Section 3, Sub-section (i) vide number G.S.R. 528(E), dated the 3rd July, 2012, except as respects things done or omitted to be done before such rescission, and such recession shall remain in abeyance subject to the final order of the Hon'ble High Court of Gujarat in Special Civil Applications No.16426 and 16428 of 2016.

[F.No.354/198/2011–TRU (Pt.-1)]



completing the anti-dumping investigation and notifying the final findings concerning imports of 'Aluminium Radiators, Aluminium Radiator Sub-Assemblies and Aluminium Radiator Core, including in CKD or SKD conditions, for use in used/on road vehicles and generator sets, excluding aluminium radiators meant for use in new automobiles', originating in or exported from China PR.

Mumbai Customs Issues List of 778 Pending Drawback Claims

[Mumbai Customs Public Notice No. 186 dated 23rd December 2016]

Subject: Processing of old Drawback claims pending in Mumbai Port, Mumbai Customs, Zone-I, in EDI in different Queues due to various reasons.

Attention of Exporters and all stake holders is invited to the fact that a large number of drawback claims are pending in various queues, as follows:-

- (a) Brand Rate Fixation from Central Excise.
- (b) Queries to Exporters.
- (c) EGM not filed or wrong filed/ EGM error.
- (d) 'Suspended' queue.

In view of large pendency of Drawback claims pending in 'Brand Rate' queue, on account of non-receipt of Drawback claims with Brand Rate letters; claims pending in 'Query to Exporter' queue, on account of no replies from the exporters to queries in respect of the said claims; claims pending in EGM not filed queue / EGM error queues, on account of EGM not filed or wrongly filed; and claims pending in 'Suspended' queue, in absence of required information, these claims will be disposed on merits, based on records available, without any further delay. The list of Shipping Bills in Mumbai docks falling under these four categories is put up on Mumbai Customs Website for reference

of all concerned.

- (A) All claims pending in Queue for "Brand Rate" prior to Let Export Order dated 01.12.2016.
- (B) All claims pending in "Query" Queue prior to Let Export Order dated 01.12.2016.
- (C) All claims pending in 'EGM' & 'EGM-error' queues prior to Let Export Order dated 01.12.2016.
- (D) All claims pending in "Suspended" Queue.

Any Exporter wishing to claim drawback from such cases at a later date may file a Supplementary Claim as per the procedure laid down in Rule 15 of the Customs & Central Excise Duties Drawback Rules, 1995.

In case of any difficulties, the Exporters may contact Jt. Commissioner (Export), Mumbai Zone- I or Dy. Commissioner (Drawback), New Custom House.

F.No. S/26-Misc-48/2015-16 DBK

[Full text available at worldtradesScanner.com]

Zero Duty Exemption on Technitium-99m Withdrawn

[Customs Notification No. 61 dated 27th December 2016]

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

In the said notification, in the Table, **serial number 163B** and the entries relating thereto shall be **omitted**.

[F.No.332/24/2010-TRU (Pt.-I)]

as per the prevalent/approved market practice.

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

4. The directions contained in this circular have been issued under sections 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.

60 Days Grace Period for Farmers whose Crop Loan Due between 1 Nov and 31 Dec 2016

[RBI/2016-17/194 - FIDD.No.FSD.BC.19/05.04.02/2016-17 dated 26th December 2016]

Sub: Interest Subvention Scheme for Short Term Crop Loans during the year 2016-17- Grant of grace period of 60 days beyond due date.

As you are aware the Government of India (GoI) has been implementing the Interest Subvention Scheme (the Scheme) since 2006-07. In terms of the extant Scheme for the year 2016-17 besides subvention of 2% per annum, an additional interest subvention of 3% is also provided to prompt payee farmers from the date of disbursement of the crop loan upto the actual date of repayment by farmers or upto the due date fixed by banks for repayment of crop loans whichever is earlier subject to a maximum period of one year from the date of disbursement. This benefit does not accrue to those farmers who repay after one year of availing such loans.

2. In view of the constraints faced by farm-

MEP on Potatoes Withdrawn

[DGFT Notification No. 32 dated 27th December 2016]

Effect of this notification: Potatoes as described above is permitted for export without any Minimum Export Price (MEP).



In exercise of the powers conferred by Section 5 of the Foreign Trade (Development & Regulation) Act, 1992 (No.22 of 1992), as amended, read with Para 1.02 of the Foreign Trade Policy, 2015-2020, the Central Government hereby makes the following amendments with immediate effect in Notification No. 15/2015-20 dated 26.07.2016 read with Notification No.

85(RE-2013)/2009-2014 dated 26th June, 2014 relating to export of potatoes.

2. Para 1 of Notification No. 15/2015-20 dated 26.07.2016 is amended to read as: "Export of Potatoes, Fresh or Chilled at Serial Number 50A of Chapter 7 of Schedule 2 of ITC (HS) Classification of Export & Import Items shall be permitted without any Minimum Export Price (MEP).

RBI Allows Purchase and Sale of Shares and Debentures of Indian Company by a Person Resident Outside India

[RBI Circular No. 23 dated 27th December 2016]

Sub: Purchase and sale of securities other than shares or convertible debentures of an Indian company by a person resident outside India.

Attention of Authorized Dealer Category-I (AD Category-I) banks is invited to Schedule 5 to the Foreign Exchange Management (Transfer or Issue of Security by a Person Resident outside India) Regulations, 2000 (the Principal Regulations) notified vide Notification No. FEMA.20/2000-RB dated May 3, 2000, as amended from time to time, in terms of which, eligible investors, viz., SEBI registered Foreign Institutional Investors (FIIs), Qualified Foreign Investors (QFIs), registered Foreign Portfolio Investors

(FPIs) and long term investors registered with SEBI, may purchase securities indicated in Schedule 5 on repatriation basis and subject to such terms and conditions as may be specified by the SEBI and the Reserve Bank from time to time.

2. With a view to providing flexibility in regard to the manner in which non-convertible debentures/bonds issued by Indian companies can be acquired by FPIs, it has now been decided to allow them to transact in such instruments either directly or in any manner

ers for timely repayment of loan dues on account of withdrawal of legal tender status of Specified Bank Notes (SBNs) and the subsequent notification No. DBR.No.BP.BC.37/21.04.048/2016-17 dated November 21, 2016 issued by RBI, it has been decided by the Gol to provide an additional grace period of 60 days for prompt repayment incentive of 3% to those farmers whose crop loan dues are falling due between 1st November, 2016 and 31st December, 2016 if such farmers repay the same within 60 days from the above period. As regards asset

classification and other prudential norms are concerned, the extant RBI guidelines, including the circular dated November 21, 2016 will continue to apply.

3. Banks may give adequate publicity to the above so that the farmers can avail the benefits.

4. Banks may consider the above while submitting their one-time consolidated 3% additional subvention claims pertaining to the disbursements made during the entire year 2016-17.

Saudi Move towards Taxes to Find State as Oil Crashes

4 Expat Fee, Subsidy Cuts to Balance Budget

Saudi Arabia followed a historic budget announcement last week with an 84-page document outlining how the Arab world's largest economy plans to balance its budget by 2020. The document includes plans to curtail capital spending, raise new revenue and stimulate the private sector.

Capital Expenditure – 100bn Riyal Saved

Authorities reviewed projects with a total cost of 490 billion riyals (\$131 billion) under the five civilian ministries with the highest capital spending. Of the total, 270 billion riyals had already been spent and the revision identified potential savings of 100 billion riyals.

Subsidy Reforms – 209bn Riyal Saved

Additional subsidy cuts will involve a steady change in energy and water prices from 2017 to 2020. This is expected to help the kingdom save 209 billion riyals annually by 2020.

The government is looking to increase prices of local retail fuel by linking them to benchmark oil prices or to the average of gasoline and diesel fuel prices on the international market. The partial reduction of subsidies has also helped slow the growth in energy consumption to 1.7 percent in the first half of 2016 from 3.5 percent in the same period a year earlier.

Taxes and Fees – 42bn Riyal Generated

4 Expat Levy of 100 Riyal per month for now, 400 Riyal by 2020

4 5% VAT from 2018

The government plans to introduce a slew of taxes and fees, raising additional revenue of 42 billion riyals in 2017 and 152 billion riyals by 2020. In 2017, Saudi Arabia will introduce an unprecedented "expat levy" on foreign workers with dependents.

The fee will start at 100 riyals per month in July and rise each year to reach 400 riyals a month in July 2020, according to the document. It is unclear whether the fee will be assessed for each dependent.

The government will also raise the monthly fees paid by employers that have more foreign workers than Saudis. It will no longer waive the fee for businesses that have fewer expats than nationals, instead charging them a "discounted rate."

An "excise tax on harmful products" -- including a 50 percent tax on soft drinks and a 100 per-

cent tax on tobacco and energy drinks -- will be implemented from the second quarter of 2017. A 5 percent value-added tax will be imposed in the first quarter of 2018. The government is studying taxes on sugary drinks and snacks. Authorities will also impose "luxury tariffs" from the first quarter of 2018, the document says, without elaboration.

Private-Sector Stimulus Package – Stimulus Package of 200bn Riyal

In the document, authorities acknowledge that confidence in the economy has declined, private sector employment has dropped and real consumption per capita is falling. To counter that, officials on Thursday announced a stimulus package for the private sector worth 200 billion riyals (\$53.3 billion) until 2020.

The fund will provide "attractive investment capital to support the private sector," the document says. It will be directed to raising the efficiency of industries with high energy and water usage. The package may be extended beyond 2020.

There are also plans to ease rules governing foreign ownership of companies and land, increase the mobility of foreign workers and deregulate industries like tourism and entertainment to reduce barriers to growth, the document says.

Outlook for the Economy, Decision-Making

Predictability – No Additional Imposit

Inflation is seen accelerating each year as new measures are introduced.

The kingdom pledges that there will be "no additional financial impositions" by the government on its citizens or private sector" beyond what's already mentioned in this document.

4 There will be no further removal of subsidies

4 There will be no income tax imposed on citizens

4 There will be no corporate income tax

4 There will be a grace period between policy announcements and action

4 There will be no delay in contractor payments. The government will pay within 60 days of "due dates."

4 There will be no retroactive decision-making.

Trump Anti-China Policy – Will Xi Blink?

The US-China relationship is ending 2016 on its most ominous note in years. President-elect Donald Trump has questioned the one-China policy. China has responded with visible anti-aircraft systems to the artificial islands dredged out of the South China Sea. An underwater American drone from under the nose of a U.S. warship was seized.

The big question for 2017 is whether the two sides will let the relationship unravel further.

President Xi Jinping is under pressure to show that his "Chinese dream" is progressing.

US policy toward China over the past two decades is marked by moderation. As China has been transformed from a second-tier power into the major challenger to the political order of the Pacific region, the Bush and Obama administrations have responded cautiously.

China's economic growth poses no problem for the US, because rising global wealth is not a zero-sum game. China-US trade was mostly seen in classically liberal, free-trade terms. China has given low-priced goods to American consumers and jobs for Chinese.

But the main reason for moderation is surely that both President George W. Bush and President Barack Obama judged that there wasn't much they could do about China's rise and the enhanced negotiating power that comes with it - especially while China remains the single largest non-US holder of Treasury debt.

Militarily, both Bush and Obama maintained the traditional hub-and-spokes security relationship with various Pacific nations, in effect containing China without using that provocative word.

Trump sees things very differently. He depicts China's growth as illegitimate, caused by unfair currency policy rather than the export of goods at rock-bottom prices. He is already demonstrating that he believes he can change the negotiating calculus by revisiting the traditionally accommodating US position.

Meanwhile, Trump seems fairly unconcerned about China's regional geopolitical ambitions. On the campaign trail, he criticized the US treaty obligation to defend Japan and called on Japan to pay more for US troops stationed there.

No Trade War, please

How China will respond depends very much on Xi Jinping's perception of his nation's economic and strategic interests - and his own political objectives. China's export-driven economy cannot afford a trade war with the US

Holding vast amounts of US debt is a form of leverage, to be sure; but it also means China can't afford to push the US into a position where its bonds fall sharply in value. Trump's history of bankruptcy is an extra reason for Chinese caution on this front.

At the same time, Xi has committed himself, and the Chinese Communist Party, to a nationalist domestic strategy. Given the inevitable decline of economic growth in China from its world-historical heights, only nationalism promises to shore up the party's legitimacy.

The nationalist imperative will matter especially to Xi if he decides to try to stay in power longer than 10 years, thus breaking the norm developed by two decade-long cycles of Chinese politics. If he does, he will need a still stronger nationalist rationale to justify the deviation.

Compensation Bill on GST to Include VAT Issues to States on Demonetisation Assesseees

4 Rs.55,000 crores Thru Cess not enough Compensation, says Amit Mitra, VAT Collections Down 30%-40%

4 IGST Jurisdiction on Battle Ground between Centre and States

Centre, states fail to make a breakthrough on division of control over tax assesseees.

The GST Council in its seventh meeting decided to redraft the compensation Bill to include 'other receipts' apart from previously agreed cess on luxury and demerit goods as the source to fund compensation, with states voicing concerns about a likely decline in their revenues this fiscal following the scrapping of high-denomination currency notes.

Even though the Council cleared most provisions of supporting draft Bills of compensation and Central GST (CGST), the Centre and the states failed to make a breakthrough over the vexed issue of division of control over tax assesseees as it did not come up for discussion in the two-day long meeting.

The pending issues of dual control and draft Integrated GST (IGST) Bill will be taken up for discussion in the next meeting of the Council on January 3-4.

"Certain technical and procedural issues were cleared but the big issues are yet to be resolved. For example IGST... among other issues, many issues had to be re-brought to the GST. For example compensation... earlier formulation without demonetisation was that Rs 55,000 crore will be perhaps necessary to compensate states as per Constitutional amendment as a guarantee and that will come through cesses.

We were able to define cesses primarily on luxury, demerit goods and Centre's environmental cess. Today, atmosphere is completely changed. Most states feel that their revenues will drastically fall in third quarter and fourth quarter, so average revenue will be significantly lower," West Bengal's finance minister Amit Mitra said.

He added, "Whether ruling party, Opposition party, everyone was on same page. Most states estimate at least 30-40 per cent loss of revenue in third and fourth quarter. Maybe as bad if not worse ... the quantum of compensation is going to be much larger than Rs 55,000 crore. My personal estimate is that it can go easily to Rs 70,000-80,000 crore or more depending on fourth quarter results... question is where will the remaining money come from. This is an issue that has not been closed. Some thinking has to be done in this. Central government has to find the money. It will come back to GST Council with their estimates and projections. GST

Council will discuss and then take a call on what can be done."

Jammu & Kashmir's finance minister Haseeb Drabu said, "One paragraph of compensation Bill was redrafted. States did not want the source of compensation to be limited only to cess, so we decided to phrase it as cess and other receipts, which can include borrowings also. Those other receipts will be decided by the GST Council, which it will then suggest to Parliament."

The GST Council also made changes to the compensation mechanism to allow bi-monthly payment to states instead of quarterly payout decided earlier.

After the meeting, finance minister Arun Jaitley said, "...on the compensation law, it is cleared that the states will be compensated 100 per cent for loss which is directly attributable to GST implementation for a period of five years... that basic draft has been approved. There was one clause, in particular, with respect to source of compensation fund, which the language will be redrafted and the legally vetted language will be placed before the next meeting of the Council."

Last month, Jaitley had said that there is a rough calculation of Rs 50,000 crore required in the first year of compensation. The Council had decided to levy a cess on luxury and demerit goods over and above the higher rate of 28 per cent under the proposed multi-tier GST rate structure to create a compensation fund to pay states for their revenue losses after GST rollout. With some issues pending, the government will find it tough to meet its initial April 1, 2017 deadline for GST rollout. However, when asked if April 1 deadline still stands, Jaitley said, "I am trying my best to do that... left to myself, I would like to do that."

On the pending items, Jaitley said, "If you ask me what are the principal residuary items left, the main item of course is the IGST and dual empowerment issue. The second is the legally vetted language which will be placed in the next meeting on January 3-4.

Jaitley added that State GST (SGST) Bill, which is a mirror image of CGST bill, has been approved by the Council. Two issues pertaining to IGST Bill related to definition of territory of state and whether powers under IGST will be of Centre or will be shared with states will come up for discussion in the next meeting, he said.

Engineers, Doctors and MBAs with Average Age of 28 Dominate the 186 Customs and Excise IRS Batch

The Union Finance Minister Arun Jaitley said that the payment of due tax is a responsibility of every citizen while in his delivering Inaugural Address for the Professional Training Course of 68th Batch of IRS (C&CE) Officer Trainees at National Academy of Customs, Excise and Narcotics (NACEN) in Faridabad on 26 December. Addressing the young IRS Officers, Finance Minister stressed on the 'Culture of Correctness' and 'Fairness' that every officer should follow in their work as Revenue Officers. He also wished NACEN well in the construction of the new Training Campus and Academy in Palasamudram, Hindupur, Andhra Pradesh.

Along with the Union Minister of Finance, Arun Jaitley, Chairman of Central Board of Excise and Customs (CBEC), Mr. Najib Shah, Members of the Central Board of Excise and Customs – Smt. Vanaja Sarna, Ram Tirath and S Ramesh were present.

The strength of 68th Batch of IRS (C&CE) is 186 officer trainees, consisting of 32 female officers and 154 male officers, including 5 Bhutanese Officers. The average age of the batch is 28, with the youngest probationer being 23 years old. The batch consists of 50 per cent engineers, 16 per cent Doctors, 11 per cent MBAs, 3 per cent Law graduates, 2.2 per cent PhD awardees, 11 per cent Masters and 4.9 per cent Bachelors degree holders.

China Attracts \$130bn in Non Finance Investment

The Ministry of Commerce held a national conference on Monday to wrap up China's trade and commerce for this year.

Commerce Minister Gao Hucheng said at the conference that China attracted foreign investment of about nearly 130 billion US dollars in non-finance sectors during the year. That ranks China first among developing countries for a 25th straight year.

Meanwhile, China's non-finance investment in foreign countries increased 55 percent in the first 11 months of this year.

In addition, the ministry said that there were 117 trade remedy cases brought against Chinese companies this year. That's about one complaint against China every three days.

Nearly 14 billion US dollars worth of products were affected.

Steel and solar panels were two major sectors targeted in the trade disputes.

The ministry said trade conditions in 2017 may be even more challenging.

"Politically, a lot of western politicians have made many comments about protectionism. They claimed to impose a 45-percent tariff on Chinese goods, and list China as a currency manipulator," said Wang Hejun, Bureau Chief, Bureau of Trade Remedy Investigation, Ministry of Commerce.

Digital Mode of Payment while Making Financial Transactions– Past Assessment

[Service Tax Circular F.No. 137/155/2012-Service Tax (Part-I) dated 9th Dec 2016]

Recent initiatives of the government to curb black economy in the country encourage people to shift towards digital mode of payment while making financial transactions. By adopting a digital mode of payment, no financial transaction would remain undisclosed and consequently an enhanced turnover might get reflected in the books of accounts. Under the circumstances an apprehension has been raised that increased turnover on account of use of digital means of payment may lead to demands for the earlier period. It is hereby clarified that in indirect taxes, past assessments will not be reopened for this reason alone.

[Service Tax Notification No. 52 dated 8th December 2016]

In exercise of the powers conferred by sub-section (1) of section 93 of the Finance Act, 1994 (32 of 1994), the Central Government being satisfied that it is necessary in the public interest so to do, hereby makes the following further amendments in the notification of the Government of India in the Ministry of Finance (Department of Revenue) No.25/2012-Service Tax, dated the 20th June, 2012, published in the Gazette of India, Extraordinary, Part II, Section 3, Sub-section (i) vide number G.S.R. 467 (E), dated the 20th June, 2012, namely:-

In the said notification, in the opening paragraph, after entry 63, the following entry shall be inserted, namely,-

“64. Services by an acquiring bank, to any person in relation to settlement of an amount upto two thousand rupees in a single transaction transacted through credit card, debit card, charge card or other payment card service.

Explanation. – For the purposes of this entry, “acquiring bank” means any banking company, financial institution including non-banking financial company or any other person, who makes the payment to any person who accepts such card.”

[F. No. 356/21/2016-TRU]

[Service Tax Notification No. 53 dated 19th December 2016]

In exercise of the powers conferred by sub-section (1), read with sub-section (2) of section 94 of the Finance Act, 1994 (32 of 1994), the Central Government hereby makes the following rules further to amend the Service Tax Rules, 1994,namely:-

1. (1) These rules may be called the Service Tax (Fifth Amendment) Rules, 2016.
- (2) They shall come into force on the date of their publication in the official gazette.
2. In the Service Tax Rules, 1994, in rule 4C, in sub-rule (1), the following proviso shall be inserted, namely:-

‘Provided that a person located in non-taxable territory providing online information and database access or retrieval services to a non-assesse online recipient located in taxable territory may issue online invoices not authenticated by means of a digital signature for a period upto 31st January, 2017’

[F. No.354/149/2016 -TRU]

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Three Months Extension to Anti-dumping Investigation of China Origin Aluminium Radiator, Aluminium Radiator Sub-Assemblies and Core including CKD or SKD – TRU Office Memorandum dated 22.12.2016 – p300

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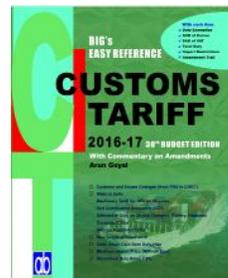
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Budget Edition of Big's Easy Reference Customs Tariff under Drafting



Send Your View and Comments asap, Please.

Regards and Happy New Year

Arun Goyal, Editor

Mob: 98100 79983

Email: arungoyal.delhi@gmail.com

Customs Exchange Rates

[As on 28 Dec 2016]

Currency	Imports	Exports
1 FC = IC		
US Dollar	68.65	67.00
EURO	72.45	70.00
Pound Sterling	86.50	83.75
Australian Dollar	51.35	49.40
Bahrain Dinar	186.25	173.85
Canadian Dollar	51.85	50.25
Danish Kroner	9.75	9.40
Hong Kong Dollar	8.85	8.60
Kuwait Dinar	229.70	215.00
Newzeland Dollar	49.10	47.20
Norwegian Kroner	8.05	7.75
Singapore Dollar	47.95	46.45
South African Rand	5.00	4.70
Saudi Arabian Riyal	18.70	17.50
Swedish Kroner	7.45	7.20
Swiss Franc	67.50	65.20
UAE Dirham	19.10	17.90
Chinese Yuan	9.95	9.60
100 FC = IC		
Japanese Yen	58.75	56.85
Kenya Shilling	68.70	64.25

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

[Ref: 147-Cus (NT) dated 15th Dec 2016]

Crude Down to \$52.83

Crude Oil (Indian Basket) from 21 - 27 Dec 2016

	21 Dec	22 Dec	23 Dec	26 Dec	27 Dec
(\$/bbl)	53.47	52.74	52.83	52.83	52.83
(Rs/bbl)	3629.00	3581.83	3587.79	3583.64	3592.28
(Rs/\$)	67.87	67.91	67.91	67.83	68.00

(Previous Trading Day Price)

Source: Ministry of Petroleum & Natural Gas