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India Plays Ball with US on Iran

Oil Payment Through ACU Suspended, Rupee Falls

The Indian central bank's move to block dollar or euro payments for Iranian oil threatens to swell a record current-account deficit, damping investor confidence in the rupee and government debt.

The Reserve Bank of India said on Dec. 27 that trade transactions with Iran must be settled outside the Asian Clearing Union, a regional payment arrangement that had allowed companies to skirt U.S. and European limits on doing business with the Middle Eastern nation. Sourcing the fuel from elsewhere "may impact prices," B.M. Bansal, chairman of Indian Oil Corp., the nation's biggest refiner, said last week.

Nomura Holdings Inc. forecasts bond yields will climb and Mumbai-based Kotak Mahindra Bank Ltd. estimates the rupee is likely to fall as much as 4.8 percent this year as the Iran supply disruptions aggravate the cost of rising commodity prices on India's finances. India's 10-year bond yield has risen 41 basis points to 7.96 percent since July as crude-oil prices traded in New York climbed 21 percent in the second half of 2010 to $91.38 a barrel.

Rupee Forecasts

Credit Suisse predicts the shortfall in the current account, which widened to $15.8 billion in the three months ended September from $12.1 billion in the second quarter, may swell to as much as $17 billion by June. India's foreign exchange reserves were $265.9 billion as of Dec. 24, compared with China's $2.648 trillion as of Sept. 30.

The rupee will return 3.4 percent in 2011, compared with 5.3 percent for China's yuan, 0.5 percent for Russia's ruble and a negative 2.4 percent for Brazil's real.

Elsewhere in India's credit markets, government bonds fell, Indian Overseas Bank began an offering of bonds and IDBI Bank Ltd. Plans to use debt as soon as this week.

No ACU for Iran Oil and Gas – I

Sub: Asian Clearing Union (ACU) Mechanism – Indo - Iran trade

AP(DIR Srs) Cir.31 27.12.2010 (RBI)

Attention of Authorised Dealer Category – I (AD Category-I) banks is invited to Regulations 3 and 5 of Notification No. FEMA.14/2000-RB dated May 3, 2000 read with items 7(b) and 7(e) of the Memorandum of Procedure for channelling transactions through Asian Clearing Union (ACU) in terms of which all eligible current account transactions as defined by the Articles of Agreement of the International Monetary Fund and export / import transactions between ACU member countries on deferred payment terms respectively are to be routed through the ACU mechanism.

2. In view of the difficulties being experienced by importers / exporters in payments to /receipts from Iran, the extant provisions have been reviewed and it has been decided that all eligible current account transactions including trade transactions with Iran should be settled in any permitted currency outside the ACU mechanism until further notice.

3. Necessary amendments to the Foreign Exchange Management (Manner of Receipt and Payment) Regulations, 2000 are being issued separately.

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

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

No ACU for Iran Oil and Gas – II

Sub: Asian Clearing Union (ACU) Mechanism – Payments for import of Oil or Gas

AP(DIR Srs) Cir.30 23.12.2010 (RBI)

Attention of Authorised Dealer (AD) banks is invited to Regulation 5 of Notification No.FEMA.14/2000-RB dated May 3, 2000 read with items 7(b) and 7(e) of the Memorandum of Procedure for channelling transactions through the Asian Clearing Union (ACU) in terms of which all eligible current account transactions as defined by the Articles of Agreement of the International Monetary Fund and the export/ import transactions between the ACU member countries on deferred payment terms respectively are to be routed through the ACU mechanism.

2. The above provisions have been reviewed and it has now been decided that payment for import of oil or gas should be settled in any permitted currency outside the ACU mechanism.

3. Necessary amendments to the Foreign Exchange Management (Manner of Receipt and Payment) Regulations, 2000 are being issued separately.

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

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

Yields on India's 10-year benchmark bonds increased five basis points to 7.96 percent yesterday. The yield is 461 basis points more than similar-maturity U.S. Treasuries, up from 375 at the end of 2009, data compiled by Bloomberg show. The rate is 46 basis points more than Indonesia's 7.5 percent, Asia's second-highest yields.

Yield Forecasts

India's government bonds returned 5.2 percent last year, according to indexes compiled by HSBC Holdings Plc. The notes underperformed securities in Indonesia, which returned 21.1 percent, the most in Asia. The 7.8 percent security due May 2020 will yield 8.05 percent by the end of this year, according to the median forecast of six economists in a Bloomberg survey.

"Over the next couple of weeks, bond yields may rise to as much as 8.1 percent," Vivek Rajpal, an interest-rate strategist at Nomura in Mumbai, said in an interview yesterday. "If commodity prices rise sharply, the yield may increase to 8.2 percent."

Indian Overseas Bank, a state-run lender, began the sale of 9.25 billion rupees ($207 million) of 15-year subordinated bonds yesterday, according to two people familiar with the matter. The so-called upper Tier 2 notes pay a coupon of 9 percent, the people said, asking not to be identified as the information is private. The bonds have an option allowing the company to buy the debt back at the end of the 10th year, the people said.

IDBI Plans Sale

IDBI Bank Ltd., the Indian state-owned lender, plans to sell 10 billion rupees of 10-year bonds as soon as tomorrow, according to two people familiar with the matter. The bonds pay a coupon of 9.04 percent, the people said, asking not to be identified as the information is private.

The United Nations stepped up punitive measures in June against Iran over its nuclear ambitions, applying a fourth round of sanctions, and the U.S. and European Union later imposed additional restrictions. Iran says it is enriching uranium for power generation.

Refiners in India have traditionally used the ACU, which settles payments in dollars and euros, to pay for oil purchases from Iran. Regulations endorsed by the EU in October required deals involving Iran and the euro to be accompanied by a certificate outlining payment details for each and every transaction, the EU said on its website.

ACU Mechanism

Under the ACU mechanism, payments for all trade deals between member countries are settled every two months, with individual transactions not accounted for separately.

"If companies are forced to buy crude at higher prices, that may fuel inflation fears," Philippe Petit, a senior investment manager in Singapore at Pictet Asset Manage-ment SA, which manages $17 billion of emerging-market debt including Indian government and corporate bonds, said in an interview on 2 Jan. "It all depends on how long they take to sort out the payment issue."

India buys about 21 million metric tons from Iran every year, or about 14 percent of total crude-oil imports, Oil Secretary S. Sundareshan said on Dec. 30. The Middle Eastern nation is India's second-biggest oil supplier, after Saudi Arabia, Oil Minister Murli Deora said in parliament on April 15.

'In Focus'

The rupee, which gained 4.1 percent last year, was unchanged at 44.7150 per dollar on 2 January.

"In 2011 we are talking about a depreciation of the rupee rather than an appreciation as the wide current-account deficit will continue to be in focus," Indranil Pan, chief economist at Kotak Mahindra Bank in Mumbai, said in an interview on 2 January. He forecasts the currency, whose movements will be "extremely volatile," could slide to as much as 47 per dollar.

The cost of protecting the debt of government-owned State Bank of India, which some investors perceive as a proxy for the nation, was 160 basis points on Dec. 31. Prices for the credit- default swaps, which pay the buyer face value in exchange for the underlying securities or the cash equivalent should a government or company fail to adhere to its debt agreements, climbed 42 basis points last year. A basis point equals $1,000 annually on a contract protecting $10 million of debt.

Bonds of Indian Oil, which imports about 3 million metric tons of crude a year from Iran, fell for a third consecutive month in December. The yield on the 4.75 percent notes due January 2015 climbed 24 basis points to 3.91 percent last month.

NTBs Hold up Onion Import at JNPT

Mala Srivastava, Commissioner of Customs (Import) at Jawaharlal Nehru Custom House in Uran, said there was no delay on the customs' part in clearing onions, recently imported from Pakistan.

Only four containers loaded with 79 metric tonne of onions were already cleared on December 29 while the remaining eight containers with 99 tonnes of onions went through the Customs as well as FSSAI and plant quarantine clearances only by January 3.

"It is actually the responsibility of food importers to produce FSSAI and plant quarantine clearances to the customs so that the goods can be cleared," said Shrivastava.

Srivastava clarified that the customs' examining staff was on duty at various container freight stations (CFS) even on January 1.

So far, four bills of entry covering 12 containers of imported onions from Pakistan have come to the customs for clearance.

She also said that it is the duty of the container freight station (CFS) to transport cargo from port to the CFS so that it can be cleared by customs. Four more onion containers are expected to move from the port to concerned CFS soon.

Commerce Ministry Orders Import of Onions from Pak

As part of series of measures to increase availability of onions, India has contracted import of onions and the first lot from Pakistan is scheduled to reach Delhi on January 7.

The import would be done through Public Enterprises Company (PEC) and the State Trading Corporation (STC) under the Ministry of Commerce, official sources said.

The exact quantity is not known, the sources said adding it is coming in two or three lots.

Commerce and Industry Minister Anand Sharma said he hoped this would further soften prices. Sharma has also spoken to Delhi Chief Minister Sheila Dikshit to ensure immediate distribution of imported onions through Mother Dairy outlets, the sources added.

Dollar-Rupee rate at NSE Futures

Trade Date	Open Price	High Price	Low Price	Close Price	Daily Settlement Price	Open Interest	No. of Contracts	Value (Rs. lakhs)	RBI Reference rate
7-Jan-11	45.5425	45.6450	45.4800	45.5675	45.5675	902439	2324465	1058910	45.3700
6-Jan-11	45.5950	45.6025	45.3650	45.4550	45.4550	800269	2520983	1146075	45.3100
5-Jan-11	45.3700	45.5300	45.2500	45.4950	45.4950	748993	2568615	1166322	45.2000
4-Jan-11	44.8600	45.1825	44.8400	45.1600	45.1600	740386	2301773	1037097	44.8400
3-Jan-11	44.9000	44.9725	44.8550	44.9325	44.9325	740955	1537365	690508.5	44.6700

[Source: NSE and RBI Website]

Dear Reader:

The Weekly Index of Changes with World Trade Scanner Issue No. 42 is a combined issue, i.e., Issue No.41 and 42 dated 05 January 2011 to 18 January, 2011

Arun Goyal, Editor

Cancun Meet on Climate Ends with Many Gains

Well into the second week of talks, there were signs ministers were making progress on key areas. After some last-minute hiccoughs and all-night talks, governments finally reached an accord in the wee hours of 11 December - in no small measure, many delegates said, due to skilful chairing by COP President Patricia Espinosa, Mexico's foreign minister.

Spirit of compromise

There are two texts that make up the Cancun Agreements: one on Long Term Cooperative Action (LCA) and one on the Kyoto Protocol. Much compromise can be seen in the texts with give and take by both developed and developing countries. For example, the Green Climate Fund - which was established last year in Copenhagen - was strengthened and the World Bank was given a three-year interim mandate to serve as trustee.

The United Nations climate summit that finished in Cancun this month surpassed low expectations when governments struck a deal that keeps alive efforts for a multilateral response to tackle climate change.

The agreements reached in the Mexican beach resort do not establish caps on greenhouse gas emissions; on that crucial issue, they simply kick the can down the road to next year's summit in Durban, South Africa. But governments agreed on an international system for monitoring mitigation, fleshed out a facility for climate finance, and established rules for rewarding forest preservation. They also steered clear of a clash that could have killed what remains of the Kyoto Protocol. Trade issues, from emissions resulting from the international shipment of goods to the use of unilateral trade measures ostensibly to offset reduced industrial competitiveness resulting from higher carbon costs, proved too contentious, and were left out of the text.

Additionally, any references to the use of unilateral trade measures were removed, leaving a crucial element of enforcement and regulation unresolved. Clearly, trade issues proved to be some of the most difficult questions to untangle and agree upon in Cancun.

This concession was balanced by an agreement that the Fund would be designed by a transitional committee made up of a majority of developing countries. The 40 member committee will be made up of 15 developed countries and 25 developing countries (seven from Africa, seven from Asia, seven from the Group of Latin America and Caribbean Countries (GRULAC), two from small island developing states (SIDS), and two least-developed countries).

Another major compromise - particularly for China - can be seen in the establishment of an international system for providing measuring, reporting, and verification (MRV) for mitigation actions. This "transparency" issue had seemed too difficult to solve in the weeks leading up to Cancun, with the US insisting that it be a part of any financing package and China resolutely against anything of the sort.

On mitigation in general, parties agreed that by the time next year's Durban COP arrives, they would establish a timeframe for emissions to reach a global "peak." China has been resistant to committing to a peak in the past, arguing until quite recently that it expects its emissions to continue to rise for some time.

Kyoto not dead, but on life support

The Kyoto Protocol lives to see another day. Although debilitated, it is not dead, as many thought might happen. Several developed countries - including Canada, Australia, and Japan - had been calling for an end to Kyoto, arguing that any climate deal that does not require major economies like China and India to meet mitigation targets is ineffective.

Cancun secures the survival of Kyoto's Clean Development Mechanism (CDM) programme and opens up the possibility for its expansion. The deal, however, does not establish a second term of emissions reduction commitments for Kyoto and it still is unclear what will happen when the first phase expires at the end of 2012.

Another key victory for developing countries is that, as laid out in the Kyoto Protocol, they will continue to not be penalised for failing to meet their emissions targets. In the end, China also managed to include language that allows it to set its reduction target based on "emissions intensity" - a less arduous target based on carbon emissions per unit of economic output. Developed countries had been pushing for commitments capping total emissions.

The agreement also establishes rules on the enhanced Reducing Emissions from Deforestation and Forest Degradation in Developing Countries (REDD+) programme, a key issue pushed by Mexican President Felipe Calderon.

Notably, the rules on REDD+ now mention the need to respect the rights of indigenous communities and others, in accordance with international law. Some developing countries, most notably Bolivia, had expressed reservations that an international forests agreement might impinge on the traditional practices of forest dwellers.

Small Island Developing States (SIDS), the countries most vulnerable to rising sea levels resulting from climate change, received a small victory with language that "recognises the need to consider" strengthening the long-term goal of capping global average temperature rises by lowering this goal from 2°C to 1.5°C.

Thorny trade issues nixed

While the Cancun meeting surpassed what had been expected of it at the outset, several key issues were dropped in order to reach consensus - trade-related issues among them. Agriculture, which had been considered one of the easier negotiating issues, became linked in the negotiating process to contentious discussions about emissions resulting from international shipping. When it became clear that parties would be unable to overcome their differences on how to manage bunker fuels - the global nature of the industry makes it difficult to make decisions on jurisdiction - both issues were snipped out of the text.

Additionally, any references to the use of unilateral trade measures were removed, leav-ing the issue unresolved. It remains to be seen how governments will try to address these thorny issues when the UNFCCC process resumes in 2011.

LDC Numbers Double to 49 in 40 Years

The world's poorest countries and the international community urgently need to revise their approach to development policy. Or so believe many economic, trade, and development experts looking ahead to a high-profile United Nations summit on least-developed countries (UNLDC IV) in Istanbul next May.

Since 1971, the United Nations has identified LDCs as a category of states which, for reasons of very low income, poor human development, and high economic vulnerability to natural, trade, and economic shocks, face more structural handicaps than other countries in rising out of poverty.

However, over the past 40 years, despite the increased spotlight on their problems, and considerable economic aid, the number of LDCs has doubled, to 49. Only two have graduated to non-LDC developing country status: Botswana, in 1994, and Cape Verde, in 2007. Many LDCs remain exporters of raw materials, with little value addition taking place, a diagnosis that has remained largely unchanged over the past thirty years. Even the LDCs that have expanded trade and attracted foreign investment have struggled to diversify beyond a handful of products. Despite high commodity prices over the past decade, LDCs are still failing to converge with developing countries, with income gaps widening instead of narrowing. Reversing this trend will require new policies, the experts said.

A theme echoed at both meetings was the opportunity presented by the changing dynamics of the global economy and of LDC trade patterns. While LDCs traditionally focused on Northern markets, relying on trade preferences linked to colonial-era ties, developing countries - above all, China - were becoming a more and more important source of capital and destination for exports. Furthermore, since emerging econo-mies will be the fastest growing economies in the near future, LDCs should try to get access into these markets.

Promoting coordination between governments and the private sector was also pointed to byWTO Director-General Pascal Lamy, who suggested that such partnerships could be one potential focus for the Istanbul summit on LDCs. Other issues he raised were youth employment and the simplification of rules of origin, which often act as a barrier to LDC exports.

Aid, not just trade, is also likely to feature prominently in Istanbul. At the last UN LDC summit, in Brussels in 2001, government pledged to provide 0.15-0.2 percent of national income in aid to LDCs. Despite significant increases, however, development aid flows to LDCs remain at 0.09 percent of total donor country income, well below the target.

Surging Onion, Lentil Prices Push Swap Gap to Two-Year High: India Credit

India's one-year interest-rate swap climbed to the highest relative to the benchmark lending rate since July 2008, as rising prices of onions and lentils increased concern policy makers may lose control over inflation.

The spread between the swap rate, the fixed cost to receive floating payments, and the Reserve Bank of India's repurchase rate widened to 89 basis points from 57 on Nov. 30. The spread was at 73 basis points, or 0.73 percentage point, on Nov. 1, the day before the central bank last raised borrowing costs.

The price of onions, a key ingredient in the country's curries and snack foods, soared 40 percent in the week ended Dec. 18 from a year ago and the finance ministry said the jump drove food inflation to a 10-week high. India's one-year swaps climbed 208 basis points in 2010 to 7.14 percent, compared with a 113 basis point increase in China, a 161 basis point advance in Brazil and a drop of 205 in Russia.

India's central bank lifted the repurchase rate by 150 basis points last year, the most of any monetary authority in Asia. The repurchase rate, at which lenders borrow from the central bank, may be raised 25 basis points to 6.5 percent at the next review Jan. 25, the highest level since December 2008.

Milk, Fruit

An index measuring wholesale prices of agriculture products including lentils, rice and vegetables jumped 14.44 percent in the week ended Dec. 18, a two-month high, government figures showed on Dec. 30. Food makes up about 14 percent of the wholesale price index that India uses as its inflation barometer.

India placed an indefinite ban on exports of onions last month. The country eliminated import duties for the vegetable and ordered state-owned trading companies to ship supplies from overseas, Trade Secretary Rahul Khullar told reporters in New Delhi Dec. 22.

"The fluctuation in milk, fruit, vegetables and certain commodities have contributed to inflation," Finance Minister Pranab Mukherjee said in New Delhi Dec. 30, when he raised his target for wholesale-price inflation to about 6.5 percent by March 31, from 6 percent. India's central bank said in a Dec. 30 report that inflation is at "elevated levels."

'Deeply Conscious'

India's central bank needs to keep a balance between curbing price increases and making sure the economy has enough money to grow. The Reserve Bank pumped almost 414 billion rupees ($9.2 billion) into the financial system in December by buying sovereign bonds to help ease the worst cash crunch in 10 years.

Reserve Bank of India Governor Duvvuri Subbarao said Dec. 9 he's "deeply conscious" of the cash shortfall, which was aggravated as companies raised a record 1.16 trillion rupees last year by selling shares.

The Reserve Bank of India bought back 115.02 billion rupees of government notes Dec. 29. Banks borrowed an average 918 billion rupees last quarter using the repurchase auction window, compared with 239 billion rupees in the previous three months.

Debt Repurchase

The nation's 10-year bonds rose last week after the central bank repurchased debt to ease the cash crunch in the banking system. The yield on the 7.8 percent bond due in May 2020 fell four basis points to 7.91 percent, according to the central bank's trading system. The 10-year bond yield rose 32 basis points in 2010 as the central bank boosted interest rates six times to damp inflation. Indian sovereign bonds returned investors 5.2 percent in 2010, compared with 21 percent in Indonesia, HSBC Holdings Plc indexes show.

The cost of protecting debt of State Bank of India from default for five years rose 42 basis points to 160 in 2010, and is down from a high of 239 basis points in May after the credit outlook improved in the second half. Some investors use State Bank as a proxy for sovereign credit-default swaps.

India's rupee rose 4.1 percent in 2010 after gaining 4.9 percent in 2009, and slumping 19 percent in 2008. The currency appreciated 0.6 percent to 44.71 per dollar on Dec. 31.

Money Flows

Global money managers poured a record $29.3 billion into Indian equities last year, according to data from the Securities & Exchange Board of India. They invested $22 billion in Japan and $20 billion in South Korea. Fund inflows are poised to increase as economic growth and slowing inflation boost returns from local assets, according to Mumbai-based Yes Bank Ltd.

China Rare Earths Leave Toxic Trail to Toyota, Vestas

Rare earth metals are key to global efforts to switch to cleaner energy – from batteries in hybrid cars to magnets in wind turbines. Mining and processing the metals causes environmental damage that China, the biggest producer, is no longer willing to bear.

China's rare earth industry each year produces more than five times the amount of waste gas, including deadly fluorine and sulfur dioxide, than the total flared annually by all miners and oil refiners in the U.S. Alongside that 13 billion cubic meters of gas is 25 million tons of wastewater laced with cancer-causing heavy metals such as cadmium, Xu Xu, chairman of the China Chamber of Commerce of Metals, Minerals & Chemicals Importers & Exporters, said at a Beijing conference on Dec. 28.

"China supplied the world with very cheap and good-quality rare earths for more than a decade at the cost of depleting its resources and damaging its environment," Wang Caifeng, who heads the government-affiliated China Association for Rare Earths, said at the conference. "The world should thank China."

With China now shutting down unregulated rare earth mines and slashing exports, users from Toyota Motor Corp. to Vestas Wind Systems A/S, the world's biggest maker of wind turbines, are concerned that supplies may be constrained. China provides more than 95 percent of global shipments of the 17 rare earth metals, also used in mobile phones, catalysts to reduce automobile exhaust emissions and energy-saving electronics.

The government cut export quotas for the first half of 2011 by 35 percent last month. That follows a 72 percent reduction in the second half of 2010, causing the price of some of the metals to more than double.

Lynas, Molycorp Leap

Mining companies including Lynas Corp. from Australia and Molycorp Inc. in the U.S. plan to make up the supply shortfall. Molycorp said Nov. 1 it restarted processing at a mine in Mountain Pass, California, that closed in 2002.

That mine had its own environmental problems, resulting in Molycorp, then a unit of Unocal Corp., paying $1.6 million to settle with state agencies after toxic wastewater leaks in the 1990s.

With rare earths in short supply, Molycorp shares more than tripled last year on the New York Stock Exchange. Lynas also more than tripled on the Australia Securities Exchange in 2010.

Vestas uses the rare earth neodymium in magnets for its V112 wind turbine, which enters production next year, Michael Holm, a spokesman, said in a telephone interview.

Toxic Leakage

Rare earth metals aren't rare. Cerium used in batteries and to cut auto emissions, is more common than copper in the earth's crust, according to the U.S. Geological Survey Minerals Yearbook. The metals got the name because they are difficult to extract, unlike concentrated deposits of copper or gold ore.

The Baotou region in Inner Mongolia produces about half of China's annual output of 120,000 tons of rare earths, with Inner Mongolia Baotou Steel Rare-Earth Hi-Tech Co. being the country's biggest producer.

A four-story tailing dam containing radioactive waste 12 kilometers (7 miles) from Baotou has been "a serious problem" and polluted rivers, Chen Zhanheng, director of the academic department of the Chinese Society of Rare Earths, said in an interview.

Baotou Steel Group, which operates the Baiyun Ebo mine, has spent 500 million yuan ($75 million) with the local government to relocate five villages after seepage from the dam polluted agricultural land and drinking water, China's official Xinhua News Agency reported on Nov. 7.

Uranium Disposal

"All rare earth ores contain uranium and thorium, which could pose a danger if not disposed of responsibly," said Dudley J Kingsnorth, who managed Australia's Mount Weld rare earths project for Ashton Mining of Canada Inc. for 10 years. He's now an independent consultant on the metals.

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India Extends Ban on Milk and Milk Products from China by Another One Year

Subject: Prohibition on import of milk and milk products from China.

16-Ntfn(RE) 03.01.2011 (DGFT) In exercise of powers conferred by Section 5, read along with Section 3(2) of the Foreign Trade (Development and Regulation) Act, 1992, also read along with paragraph 2.1 of Foreign Trade Policy, 2009-14, the Central Government hereby further extends the prohibition on import of milk and milk products including chocolates and chocolate products and candies/ confectionary/ food preparations with milk or milk solids as an ingredient, from China, imposed vide Notification No. 67(RE-2008)/2004-2009 dated 1st December, 2008 and extended vide Notification No. 49/2009-2014 dated 24th June, 2010, for a period of one year from 24th December, 2010 and until further orders.

Crude Petroleum from Brunei at 2% Duty under ASEAN FTA

Ntfn 136 31.12.2010 (DoR) In exercise of the powers conferred by sub-section (1) of section 25 of the Customs Act, 1962 (52 of 1962), the Central Government, on being satisfied that it is necessary in the public interest so to do, hereby makes the following amendments in the notification of the Government of India in the Ministry of Finance (Department of Revenue), **No.116/ 2010-Customs, dated the 1st November, 2010** which was published in the Gazette of India, vide number G.S.R. 875 (E), dated the 1st November, 2010, namely:-

In the said notification, in the preamble, for the figure, signs and words "3% ad valorem" the figure, signs and words "**2% ad valorem**" shall be substituted.

2. This notification shall come into force with effect from 1st day of January, 2011.

[F. No. 354/64/2003-TRU (Pt.I)]

One percent Cut Results in 7% on Pak, Sri Lanka Textiles in SAFTA

Ntfn 134 31.12.2010 (DoR) In exercise of the powers conferred by sub-section (1) of section 25 of the Customs Act, 1962 (52 of 1962), the Central Government, on being satisfied that it is necessary in the public interest so to do, hereby makes the following further amendment in the notification of the Government of India in the Ministry of Finance (Department of Revenue), No.**68/2006-Customs, dated the 30th June, 2006** published in the Gazette of India, Extraordinary, Part II, Section 3, Sub-section (i), vide number G.S.R. 394 (E), dated the 30th June, 2006, namely:-

In the said notification, in the TABLE, against serial numbers **1 to 248**, for the entries in column (4), the entry '**7%**' shall be substituted.

2. This notification shall come into force with effect from 1st day of January, 2011.

[F.No. 354/42/2002-TRU Vol II]

One to Three percent Cut on Imports from Pak and Sri Lanka under SAFTA

Ntfn 133 31.12.2010 (DoR) In exercise of the powers conferred by sub-section (1) of section 25 of the Customs Act, 1962 (52 of 1962), the Central Government, on being satisfied that it is necessary in the public interest so to do, hereby makes the following further amendment in the notification of the Government of India in the Ministry of Finance (Department of Revenue), No.**67/2006-Customs, dated the 30th June, 2006** published in the Gazette of India, Extraordinary, Part II, Section 3, Sub-section (i), vide number G.S.R. 393 (E), dated the 30th June, 2006, namely:-

In the said notification, for the existing **Table**, the following Table shall be **substituted**, namely:-

"Table

SNo.	Chapter, Heading, Sub-heading or Tariff item	Description of Goods	Rate for import from countries listed in APPENDIX I	Rate for import from countries listed in APPENDIX II
(1)	(2)	(3)	(4)	(5)
1	1 to 3	All goods	11.00%	Nil
2	1	Grand parent poultry stock and Donkey stallions	11.00%	Nil
3	4 (except 0402 10 20, 0402 10 90, 0405 20 00, 0405 90 90)	All goods	11.00%	Nil
4	0402 10 20, 0402 10 90	All goods	11.00%	Nil
5	0405 20 00, 0405 90 20, 0405 90 90	All goods	11.00%	Nil
6	5	All goods	11.00%	Nil
7	603	All goods	11.00%	Nil
8	604	All goods	11.00%	Nil
9	7	All goods	11.00%	Nil
10	8 (except 0802 11 00, 0802 12 00)	All goods	11.00%	Nil
11	0802 11 00	All goods	Rs 28 per Kg	Nil
12	0802 12 00	All goods	Rs 52 per Kg	Nil
13	0810 60 00 and 0810 90	All goods other than black, white or red currants and gooseberries	7.80%	Nil
14	0813 20 00	All goods	11.00%	Nil
15	9 (except 0901 and 0904 20)	All goods	11.00%	Nil
16	901	All goods	11.00%	Nil
17	0904 20	All goods	11.00%	Nil
18	12	All goods	11.00%	Nil
19	1209, 1211 30 00, 1211 40 00, 1211 90	All goods other than liquorice roots	7.80%	Nil
20	13	All goods	11.00%	Nil
21	1302 19 and 1302 20 00	All goods other than vegetable saps and extracts of pyrethrum or of the roots of plants containing rotenone	7.80%	Nil
22	14	All goods	11.00%	Nil
23	1501 00 00	All goods	11.00%	Nil
24	1502	All goods	7.80%	Nil
25	1503 00 00 to 1506	All goods	11.00%	Nil
26	1505	All goods	7.80%	Nil
27	1507 90 90	All goods	11.00%	Nil
28	1508 90 10 or 1508 90 99	All goods	11.00%	Nil
29	1509 10 00	All goods	11.00%	Nil
30	1509 90	All goods	11.00%	Nil
31	1510	All goods	11.00%	Nil
32	1511 90	All goods	11.00%	Nil
33	1512 29 90	All goods	11.00%	Nil
34	1516 10 00, 1518, 1520 00 00, 1521 and 1522	All goods	11.00%	Nil
35	1507, 1508, 1509, 1510, 1511, 1512 29 90	All goods (except crude palm oil), other than edible grade, having Free Fatty Acid (FFA) 20 percent or more	11.00%	Nil
36	1508, 1509 or 1510	Refined vegetable oils of edible grade, in loose or bulk form	11.00%	Nil

37	1511	Fractions of crude palm oil (other than crude palmolein), of edible grade, having an acid value of 2 or more and total carotenoid (as beta carotene) in the range of 500mg/kg. to 2500mg/kg., in loose or bulk form	11.00%	Nil

Explanation—For the purposes of this exemption, "Crude palm oil" means fixed vegetable oils, fluid or solid, obtained by pressure, if they have undergone no processing other than decantation, centrifugation or filtration, provided that, in order to separate the oils from solid particles only mechanical force, such as gravity, pressure or centrifugal force, has been employed, excluding any absorption filtering process, fractionalization or any other physical or chemical process. If obtained by extraction oil shall continue to be considered as "crude", provided it has undergone no change in colour, odour or taste when compared with corresponding oil by pressure.

38	16 (except 1601 00 00 and 1602 32 00)	All goods	11.00%	Nil
39	1601 00 00 and 1602 32 00	All goods	11.00%	Nil
40	1702	All goods	11.00%	Nil
41	1702 11 and 1702 19	All goods	11.00%	Nil
42	1703	All goods	6.20%	Nil
43	1704	All goods	11.00%	Nil
44	18 to 20	All goods	11.00%	Nil
45	1806 90	Food preparations, meant for infant use and put up for retail sale, of–(i) flour, meal, starch or malt extract containing cocoa in a proportion by weight 40% or more but less than 50%, calculated on a totally de-fatted basis; or (ii) goods of headings 04.01 to 04.04 containing cocoa in a proportion by weight 5% or more but less than 10%, calculated on a totally de-fatted basis	7.80%	Nil
46	21	All goods (except compound alcoholic preparations of a kind used for the manufacture of beverages, of an alcholic strength by volume exceeding 0.5% by volume, determined at a temperature of 20 degrees centigrade falling under 2106 90)	11.00%	Nil
47	2106 90	Compound alcoholic preparations of a kind used for the manufacture of beverages, of an alcoholic strength by volume exceeding 0.5% by volume, determined at a temperature of 20 degrees centigrade	11.00%	Nil
48	2201 and 2202	All goods	11.00%	Nil
49	2207 20 00	All goods	6.20%	Nil
50	2209	All goods	11.00%	Nil
51	23	All goods	11.00%	Nil
52	25	All goods	7.00%	Nil
53	2620 11 00, 2620 19 00 and 2620 30	All goods	6.20%	Nil
54	2701 20	All goods	7.00%	Nil
55	2702 to 2708	All goods	7.00%	Nil
56	2710 to 2715	All goods	6.20%	Nil
57	28 (except 2801, 2802, 2803, 2804, 2805, 2814 and 2823 00 10)	All goods	6.00%	Nil
57A	2823 00 10	All goods	7.00%	Nil
58	2801, 2802, 2803, 2804, 2805 and 2814	All goods	5.00%	Nil
59	2901 to 2904	All goods	6.20%	Nil
60	2905 to 2942 (except 2905 43 00 and 2905 44 00)	All goods	7.00%	Nil
61	2905 43 00 and 2905 44 00	All goods	9.40%	Nil
62	29	2,3,5,6-Tetrachloropyridine	6.00%	Nil
63	30 to 32	All goods	7.00%	Nil
64	3207 40 00	Glass frit	5.00%	Nil
65	33 (except 3301 and 3302 10)	All goods	7.00%	Nil
66	3301	All goods	9.40%	Nil
67	3302 10	All goods(Excluding compound alcoholic preparations of a kind used for manufacture of beverages of an alcoholic strength by volume exceeding 0.5% determined at 20 degree centigrade falling under 3302 10)	7.00%	Nil
68	3302 10	Compound alcoholic preparations of a kind used for manufacture of beverages of an alcoholic strength by volume exceeding 0.5% determined at 20 degree centigrade	11.00%	Nil
69	34	All goods	7.00%	Nil
70	3501 to 3505	All goods	9.40%	Nil
71	3506 and 3507	All goods	7.00%	Nil
72	35	Isolated Soya protein	7.80%	Nil
73	36 and 37	All goods	7.00%	Nil
74	38 (except 3809 10 00, 3823 11 11, 3823 11 12, 3823 11 19 and 3824 60)	All goods	7.00%	Nil
75	3809 10 00	All goods	9.40%	Nil
76	3815	All goods	6.20%	Nil
77	3823 11 11, 3823 11 12, 3823 11 19 and 3824 60	All goods	9.40%	Nil
78	38	Dipping oil, Paclobutrazol (Cultar)	7.00%	Nil
79	39	All goods	7.00%	Nil
80	3901	Low density polyethelene, Linear Low density polyethelene, High density polyethelene, Linear medium density polyethelene and Linear High density polyethelene	5.00%	Nil
81	3902 (except 3902 20 00), 3903	All goods	5.00%	Nil
82	3904	Polymers of vinyl chloride	5.00%	Nil
83	39	Ethylene vinyl acetate (EVA)	5.00%	Nil
84	40 to 45	All goods	7.00%	Nil
85	4707	All goods	7.00%	Nil
86	48,49,51	All goods	7.00%	Nil
87	52 (except 5203 00 00)	All goods	7.00%	Nil
88	5201	All goods	6.20%	Nil
89	5203 00 00	All goods	11.00%	Nil
90	53 (except 5302)	All goods	7.00%	Nil
91	5302	All goods	11.00%	Nil
92	54 to 63	All goods	7.00%	Nil
93	64 to 71	All goods	7.00%	Nil
94	6902 or 6903	All goods	6.20%	Nil
95	72	All goods other than seconds and defectives	6.20%	Nil
96	72	Seconds and defectives	7.00%	Nil
97	73	All goods	7.00%	Nil
98	7401 to 7410	All goods	5.00%	Nil
99	7411 to 7419	All goods	7.00%	Nil
100	7601 to 7607	All goods	5.00%	Nil
101	7608 to 7616	All goods	7.00%	Nil
102	7806	All goods other than lead bars, rods, profiles and wire	6.20%	Nil
103	7901 to 7905	All goods	6.20%	Nil
104	7907	All goods	7.00%	Nil
105	8001 to 8003	All goods	6.20%	Nil
106	8007 00 90	Tin plates, sheets and strip, of a thickness exceeding 0.2mm; tin foil (whether or not printed or backed with paper, paperboard, plastics or similar backing materials) of a thickness (excluding any backing) not exceeding 0.2mm; tin powders and flakes	6.20%	Nil
107	8007	All goods	7.00%	Nil
108	8101, 8104, 8105,8107, 8108 (except 8101 99 10,	All goods	6.20%	Nil

	8101 99 90, 8104 90 90, 8105 90 00, 8107 90 90, 8108 90 90)			
109	8101 99	Bars and rods, other than those obtained simply by sintering, profiles, plates, sheets, strip and foil	6.20%	Nil
110	8101 99 10, 8101 99 90, 8104 90 90, 8105 90 00, 8107 90 90, 8108 90 90	All goods	7.00%	Nil
111	8102, 8103, 8106, 8109, 8110, 8111, 8112	(1) All goods (other than articles thereof)	6.20%	Nil
		(2) Articles	7.00%	Nil
112	82, 83, 84	All goods	7.00%	Nil
113	8443 91 00 or 8443 99	Parts of printing presses	6.20%	Nil
114	8472 90	Cash dispensers	6.20%	Nil
115	8473 40	Cash dispensing mechanism and deposit modules for Automatic Teller Machines	6.20%	Nil
116	85	All goods	7.00%	Nil
117	86	All goods	6.20%	Nil
118	87 (Except 8703 , 8711)	All goods	7.00%	Nil
119	8703, 8711	All goods	11.00%	Nil
120	8703	Motor cars and other motor vehicles principally designed for the transport of persons (other than those of heading 87.02), including station wagons and racing cars, new, which have not been registered anywhere prior to importation		
	(1) If imported as completely knocked down (CKD) unit;		7.00%	Nil
	(2) If imported in any other form		11.00%	Nil
121	8703	Golf Cars	7.00%	Nil
122	8704	Refrigerated motor vehicles for transport of goods	6.20%	Nil
123	8711	Motor cycles (including mopeds) and cycles fitted with an auxiliary motor, with or without side cars, and side cars, new, which have not been registered anywhere prior to importation		
	(1) If imported as completely knocked down (CKD) unit;		7.00%	Nil
	(2) If imported in any other form		11.00%	Nil
124	88 to 90	All goods	7.00%	Nil
125	9001 10 00	All goods	6.20%	Nil
126	91 to 97	All goods	7.00%	Nil
127	9508	Roundabouts, swings, shooting galleries and other fairground amusements	6.20%	Nil"

2. This notification shall come into force with effect from **1st day of January, 2011.**

[F.No. 354/42/2002-TRU Vol II]

One to Three percent Duty Cut on 962 Items under Indo-Korea CEPA

Ntfn 137
31.12.2010
(DoR)

In exercise of the powers conferred by sub-section (1) of section 25 of the Customs Act, 1962 (52 of 1962), the Central Government, on 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.152/ 2009-Customs, dated the 31st December, 2009** published in the Gazette of India, Extraordinary, Part II, Section 3, Sub-section (i), vide number G.S.R. 943 (E), dated the 31st December, 2009, namely:-

In the said notification, for the **Table**, the following Table shall be substituted, namely.

[The substituted table available on www.worldtradescanner.com]

2. This notification shall come into force with effect from the 1st day of January, 2011.

[F.No.354/107/1996-TRU

One to Five percent Cut for Indo-ASEAN FTA on 1575 Items

Ntfn 135
31.12.2010
(DoR)

In exercise of the powers conferred by sub-section (1) of section 25 of the Customs Act, 1962 (52 of 1962), the Central Government, on being satisfied that it is necessary in the public interest so to do, hereby makes the following amendments in the notification of the Government of India in the Ministry of Finance (Department of Revenue), **No.153/2009-Customs, dated the 31st December, 2009** published in the Gazette of India, vide number G.S.R. 944 (E), dated the 31st December, 2009, namely:-

In the said notification, for the Table, the following Table shall be **substituted**, namely:-

[The substituted table available on www.worldtradescanner.com]

2. This notification shall come into force with effect from 1st day of January, 2011.

F.No. 354/64/2003-TRU(Pt.I)

Cotton Yarn Exports – DGFT Clarifies that Textile Commission RC Obtained on 1 Dec can Export

Subject: Corrigendum to Notification No. 14(RE-2010)/2009-14 dated 22.12.2010 regarding export of cotton yarn.

15-Ntfn(RE)
29.12.2010
(DGFT)

In exercise of the powers conferred by Section 5 of the Foreign Trade (Development & Regulation) Act, 199 (No.22 of 1992) read with Para 2.1 of the Foreign Trade Policy, 2009-14, the Central Government hereby makes the following amendments in Notification No. 14(RE-2010)/2009-14 dated 22.12.2010.

2. In Notification No. 14(RE-2010)/2009-14 dated 22.12.2010, the phrase "before 1st December, 2010" appearing at para 3 (ii) relating to Transitional Arrangements will be substituted by the phrase "on or before 1st December, 2010". The relevant para would read as follows:

"3(ii) However, Exporters who have obtained Registration Certificate from Textile Commissioner, Mumbai on or before 1st December, 2010 would be permitted to export Cotton Yarn within the quantity limit for which such registration certificate has been issued and within the validity of such registered contract."

3. The effect of this notification:-

The exporters who have obtained Registration Certificate from Textile Commissioner, Mumbai **on** 1st December, 2010 would also now be permitted to export Cotton Yarn. Earlier notification of 22.12.2010 permitted such exporters who would have got RC before 1st December, 2010. Other conditions like quantity limit of RC so issued, validity of RC will remain the same.

Modalities for Registration of Cotton Contracts with DGFT

Subject:- Conditions and modalities for registration of contracts of cotton with DGFT.

09-Pol.Cir
29.12.2010
(DGFT)

Attention is invited to Notification No. 12 (RE-2010)/ 2009-14 dated 16.12.2010 issued by this Office whereby registration of contracts for export of cotton under ITC(HS) Code 5201,5202 & 5203 will be done by DGFT and Policy Circular No. 6(RE-2010)/2009-14 dated 16.12.2010, through which it was informed that modalities for registration of contracts will be notified separately. The data for export made from 1/11/2010 to 15/ 12/2010 is being collected and allocation will made for the balance quantity keeping in view the decision of GoM to limit the export of raw cotton to 55 lakh bales during the cotton season 2010-11. Accordingly, it has been decided to invite applications for grant of registration certificate for export of cotton from 31.12.2010 to 06.01.2011 (till 5.00 PM).

2. All applications for grant of registration certificate shall be sent only

through E-mail at cottonexport@nic.in in the prescribed format as per Annexure-1 of this Policy Circular.

3. **Allocation** will be made after scrutiny of applications, as per the following criteria:-

(i) Allocation will be done on a prorata basis with a ceiling of 1,00,000 bales per IEC and floor of 500 bales per IEC. Therefore, no application below 500 bales will be considered.

(ii) Exporters who did not export full quantity for which registration certificate was obtained by them from Textile Commissioner, Mumbai in October, 2010, would be disincentivised by reduction of their prorata quantity by the percentage of such default.

(iii) After the allocation is made, the applicants shall have to submit

(a) **Copy of Export Contract** alongwith

(i) A copy of confirmed and irrevocable Letter of Credit(LC), or

(ii) FIRC from Bank showing receipt of remittance from the concerned foreign buyer as proof of having received 100% Advance Payment <u>or</u> a minimum of 25% Advance Payment and balance Cash Against Delivery(CAD),

(b) **Declaration/Undertaking** as given with the application format, on the letter head of the firm, and a hard copy of application duly signed,

(c) Copy of IEC

These documents would need to be **submitted within a period of 15 days of allocation**.

(iv) After scrutinizing the documents so received, and if found eligible, the applicant shall be issued a Registration Certificate. Export against such registered contracts shall be completed on or before the date specified in Calendar of events (Specified date will be at least 30 days from date of issuance of RC)

(v) Applicants who fail to submit the stipulated documents within prescribed time or where documents are found to be incorrect, that applicant shall be declared ineligible. They will forfeit their right to seek further allocation. Their allocation will then be redistributed amongst other eligible applicants.

(vi) Failure to export the allocated quantity within the stipulated time would invite debarment from further allocation. In addition, penal action as per Section 11(2) of the Foreign Trade(D&R) Act would be initiated. For ready reference Section 11(2) is extracted below:-

"11(2). Where any person makes or abets or attempts to make any export or import in contravention of any provisions of this Act or any rules or order made thereunder or the Foreign Trade Policy, he shall be liable to a penalty of not less than ten thousand rupees and not more than five times the value of the goods or services or technology in respect of which any contravention is made or attempted to be made, whichever is more."

4. An **illustrative example** is provided in Annexure-2 to this Policy Circular for information and guidance.

5. Calendar for process of applications, issue of RC and export is provided in Annexure-3 to this Policy Circular.

6. This issues with the approval of Commerce Secretary.

Annexure-1 to Policy Circular No. 09(RE-2010)/2009-14 dated 29.12.2010

Sample Format for Sending Application by E-mail To (<u>cottonexport@nic.in</u>)

Subject header of E-mail: IE Code- Name of the Firm/Applicant-Quantity applied for

(Example: 0500030001-ABC Exports-10,000 bales)

(Fill this in the "Subject" field)

Message Body Contact of E-mail

Line 1 : IE Code (Example: 0500030001)

Line 2 : Name (Example: ABC Exports)

Line 3 : Quantity applied for (In bales, both in figure and words). (Example 10,000 bales, Ten Thousand bales)

Line 4 : ITC(HS) Code (Example : 5201)

Line 5 : Blank

Lines 6-13: Details of export made on EARCs obtained from Textile Commissioner, Mumbai in October, 2010

Line 6 : Amount for which EARC was obtained. (Example 20,000 bales)

Line 7 : EARC Numbers and date.

Line 8 : Actual export made on or before 15.12.2010 out of EARC quantity. (Example 20,000 bales)

Line 9 : % of such export. (Example 100%)

Line 10 : FOB value of such export made. (Example US$ 50,300)

Line 11 : Destination/Port of export. (Example: Pakistan/ Karachi)

Line 12 : Detail of Foreign buyer (Name and Address).

Line 13 : Blank

Lines 14-19: Any information that the applicant wishes to submit.

Lines 20-30: Details of Applicant

Line 20 : Name of the Applicant (in whose name IEC has been issued)
(Example: ABC Exports)

Line 21 : I Exact Postal Address

Line 22 : I (Example: D-402, 1st Floor, Karim Nagar, New Delhi- 110010)

Line 23 : I

Line 24 : Phone Number(s) with STD Code (Example: 011-23456789)

Line 25 : Fax Number (Example: 011-23456793)

Line 26 : E-mail (Example: abcexports@yahoo.com)

Line 27 : Alternative E-mail (Example: ashokbhalla@gmail.com)
(Application must be from one of these two E-mails)

Line 28 : Name of the authorised person sending the application
(Example: Ashok Bhalla)

Line 29 : E-mail of the authorised person (Example: ashokbhalla@gmail.com)

Line 30 : Phone No of the authorized person (Landline & Cell phone)

End of E-mail

Note 1: After allocation, eligible applicant shall submit hard copies of above application, duly signed by authorised person alongwith following declaration on the official letter head of applicant firm.

Declaration/Undertaking

1. I / We hereby declare that the particulars and the statements made in this application are true and correct to the best of my / our knowledge and belief and nothing has been concealed or held there from.

2. I / We fully understand that any information furnished in the application if found incorrect or false will render me / us liable for any penal action or other consequences as may be prescribed in law or otherwise warranted.

3. I / We undertake to abide by the provisions of the FT (D & R) Act, 1992, as amended, the Rules and Orders framed there under, FTP, HBP v 1 and HBP v2 and ITC (HS). I also undertake that in the event of non-performance after grant of Registration Certificate for export of cotton by the Directorate General of Foreign Trade, I shall be liable to Penal Action under Section 11(2) of Foreign Trade(Development & Regulation) Act, 1992, (as amended), including debarment from future allocations.

4. I hereby certify that I am authorised to verify and sign this declaration.

Signature of the Applicant: Place:

Name: Date:

Designation:

Official Address:

Telephone No.:

Cell Phone No.:

Fax No.:

Email:

Residential Address:

Note 2: Required documents for submission by eligible applicants for obtaining RC (In addition to documents prescribed in Note 1 above)

(a) Copy of Export Contract alongwith

(i) A copy of confirmed and irrevocable Letter of Credit(LC), or

(ii) FIRC from Bank showing receipt of remittance from the concerned foreign buyer as proof of having received 100% Advance Payment or a minimum of 25% Advance Payment and balance Cash Against Delivery(CAD).

(b) Copy of IEC

(c) Proof of shipments made against EARCs issued by Textile Commissioner, Mumbai

Annexure-2 to Policy Circular No. 09(RE-2010)/2009-14 dated 29.12.2010

Illustrative example

Suppose 5 exporters have applied for allocation of quota. Let us assume that the total quantity to be allocated is 1,00,000 bales. But, we have received applications for 10,00,000 bales. Accordingly, each applicant will get 10% of the quantity he/she has applied for. The percentage share which each exporter will be allocated of the total quantity is as below:-

(1) Allocation of quantity on pro-rata basis {See para 3(i) of Policy Circular dated 29.12.2010}

Exporter	Quantity applied in bales	Quantity allotted in bales
A	1,00,000	10,000 + 1,111.11= 11,111.11
B	1,50,000	15,000+ 1666.66= 16,666.66
C	2,00,000	20,000+ 2,222.23= 22,222.23
D	2,50,000	25,000
E	3,00,000	25,000*
Total	10,00,000	1,00,000

*The maximum ceiling is say 25,000 bales. Therefore, applicant E does not get 10% of quantity applied for(10% of 3,00,000 is 30,000, which is more than the prescribed ceiling of 25,000) so, allocation for E is limited to 25,000 bales only. The balance quantity of 5,000 bales has been distributed in proportion to the applied quantity among A, B & C.

2A. Calculation for disincentivisation due to non-performance against EARCs obtained from Textile Commissioner, Mumbai during October, 2010{See para 3(ii) of Policy Circular dated 29.12.2010}

Exporter	Quantity allotted (in bales)	Percentage of non-performance	Disallowed quantity in bales
A	11,111.11		—
B	16,666.66		—
C	22,222.23		—
D	25,000.00	25%	6,250
E	25,000.00	30%	7,500
Total	1,00,000.00		13,750

Note:

(1) Exporter A, B & C either exported 100% of the quantity for which they had obtained EARCs from Textiles Commissioner, Mumbai in October, 2010, or they had **not** obtained any such EARC.

(2) Exporter D & E had obtained EARCs in October, 2010, but could not export 100% quantity for which such EARCs were obtained by them. D exported only 75% (here non-performance is 25%); E exported only 70% (here non performance is 30%)

2B. Allocation of disallowed quantity under 2A, (13,750 bales) among remaining eligible exporters

Exporter	Pro-rata allocation of quantity as per (1) above	% share among three	Additional allocation (in bales)
A	11,111.11	22.22%	3,055.25
B	16,666.66	33.33%	4,582.87
C	22,222.23	44.45%	6,111.87
Total	50,000.00	100.00%	13,750.00

(3) Allocation after re-distribution of disallowed quantity

Exporter	Allocation of quota (in bales)	Final allocation
A	11,111.11 + 3,055.25	14,166.36
B	16,666.66 + 4,582.87	21,249.53
C	22,222.23 + 6,111.87	25,000.00**
D	25,000.00 - 6,250.00	18,750.00
E	25,000.00 - 7,500.00	17,500.00
		96,665.89

** (For C, the total quantity comes to more than 25,000 bales, but as per ceiling the quantity allocated to C is limited to 25,000 bales). This leaves a balance of 3,334.11 bales which will be again re-allocated amongst the remaining eligible applicants i.e. A & B using the above iteration, till the total quantity available is fully allocated.

Annexure-3 to Policy Circular No. 09(RE-2010)/2009-14 dated 29.12.2010

Calendar of Events

1.	Policy Circular to be issued on	29th December, 2010
2	Receipt of Application Start Date: Close Date:	 1200 hours, 31st December, 2010 1700 hours, 6th January, 2011
3	Compilation Work	7th, 8th & 9th January, 2011
4	Declaration of Allocation	Monday, 10th January, 2011
5	Document submission, Scrutiny & Issue of RC Start Date: Close Date:	 1000 hours, Tuesday 11.01. 2011 1100 hours, Tuesday 25.01.2011
6	Last Date to Export	Friday, 25th February, 2011

Online Filing of IEC Applications

Subject:- Provision of additional facility for filing Importer Exporter Code (IEC) applications "on-line".

10-Pol.Cir 31.12.2010 (DGFT) DGFT is introducing additional facility on DGFT's website (http://dgft.gov.in/) for enabling members of trade to file their IEC applications 'on-line" with effect from 1.1.2011.

2. Presently, the applications for obtaining an IEC are filed manually with the concerned Regional Authority of DGFT. The applications are filed in hard copy in the prescribed proforma with stipulated documents.

3. The additional facility of filing "on-line" application for obtaining IEC will reduce the transaction cost and time for the applicant, would ensure easy, flexible filing of application and reduce human interface and paper work in the process.

4. The existing system of filing the IEC application manually would simultaneously continue till further orders i.e. the applicant will have an option to prefer his application either manually or "on-line" as per his/her convenience.

5. The following guidelines and procedures are stipulated for the "on-line" system of filing, processing and issuance of IEC:-

(i) The applicant may file the IEC application for "on-line" through the link available on the DGFT's website.

(ii) The fee in case "on-line" application for IEC has to be paid through Electronic Fund Transfer (EFT) mode only. The EFT link with necessary guidance for making payment through EFT is already available on DGFT's website.

(iii) The prescribed documents, i.e. the Bank certificate, PAN copy and photograph, are to be scanned and attached with the 'on-line' application. Any other relevant documents for example Authority letter in respect of authorized representative, should be attached in the 'pdf' format.

(iv) Physical copy of application is not required to be submitted to the concerned Regional Authority(RA) in case of "on-line" applications.

(v) The status of IEC "on-line" application i.e. IEC number granted for accepted applications and deficiency in case of other approved applications will be available on DGFT's website.

(vi) In case, an "on-line" application is found to be deficient and such deficiencies indicated 'on-line', additional information/documents against such deficiencies would need to be submitted physically (in hard copies) to the concerned RA.

(vii) The applicants are advised to be very careful while selecting jurisdictional RA for sending their applications, as selection of a wrong RA would require retransmission of application to the correct destination and it is likely to cause delay in processing.

(vii) Comprehensive guidelines regarding filing of "on-line" IEC applications are available on DGFT's server under the IEC "on-line" Help Icon.

6. Members of Trade are encouraged to take advantage of the "on-line" facility for IEC application and RAs are requested to disseminate the information about the facility among the Trade.

Rubber Chemicals Anti-dumping Extended upto 11 May 2011

Ntfn 132
28.12.2010
(DoR)

Whereas, the designated authority vide notification No. 15/14/2009-DGAD, dated the 12th May,2010, published in the Gazette of India, Extra-ordinary, Part I, Section 1 dated the 13th May, 2010, had initiated review in terms of sub-section (5) of section 9A of the Customs Tariff Act, 1975 (51 of 1975) (hereinafter referred to as the said Customs Tariff Act) and in pursuance of 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 said rules), in the matter of continuation of anti-dumping duty on imports of certain Rubber Chemicals, namely,MOR,PX13 and TDQ, falling under Chapter 29 and 38 of the First Schedule to the Customs Tariff Act, 1975 (51 of 1975), originating in, or exported from, European Union, People's Republic of China, Chinese Taipei and the United States of America, imposed *vide* notification of the Government of India, in the Ministry of Finance (Department of Revenue),No. 94/2005-Customs, dated the 20th October, 2005, published in the Gazette of India, Extraordinary, Part II, Section 3, Sub-section (i) *vide* number G.S.R.643(E), dated the 20th October,2005, and had recommen-ded for extension of anti-dumping duty, in terms of sub-section (5) of section 9A of the said Customs Tariff Act;

Now, therefore, in exercise of the powers conferred by sub-sections (1) and (5) of section 9A of the said Customs Tariff Act and in pursuance of rule 23 of the said rules, the Central Government hereby makes the following amendment in the notification of the Government of India, in the Ministry of Finance (Department of Revenue), No. **94/2005-Customs, dated the 20th October, 2005,** published in the Gazette of India, Extraordinary, Part II, Section 3, Sub-section (i) *vide* number G.S.R.643 (E), dated the 20th October,2005, namely: -

In the said notification, after paragraph 2, the following paragraph shall be **added**, namely:-

"3. This notification shall remain in force up to and inclusive of the 11th May, 2011, unless the notification is revoked earlier".

[F.No.354/131/2005-TRU (Pt.)]

Submission of Forex Utilization Statement by the International Debit Card Holders Discontinued

Sub: Use of International Debit Cards/ Store Value Cards/ Charge Cards/ Smart Cards by resident Indians while on a visit outside India

AP(DIR Srs)
Cir.29
22.12.2010
(RBI)

Attention of all the banks authorized to deal in foreign exchange is invited to paragraph 4 of the A.P.(DIR Series) Circular No. 46 dated June 14, 2005 in terms of which they are required to submit a statement as on December 31, each year in case the aggregate forex utilization by the International Debit Card holders exceeds USD 100,000 in a calendar year.

2. It has been decided to discontinue the submission of the statement mentioned above to the Reserve Bank. Accordingly, all the banks authorised to deal in foreign exchange are advised to discontinue the submission of the afore-mentioned statement from the calendar year 2010 onwards.

3. All other instructions of A.P. (DIR Series) Circular No. 46 dated June 14, 2005 shall continue to remain the same.

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

Dollar Rises as China Hikes Interest Rate

The dollar was near a three-week high against the euro after China's second interest-rate increase since mid-October highlighted concern that efforts to tame inflation will curb global growth.

The yen earlier touched a three-week high against the euro as JPMorgan Chase & Co. and Morgan Stanley said China's monetary tightening in 2011 may be mainly in the first half as officials tackle the fastest inflation in more than two years. The dollar was also supported before data forecast to show U.S. consumer confidence advanced. Asian currencies halted gains as China's rate increase damped the outlook for spending in the No. 1 export market for South Korea, Malaysia and Thailand.

"Reaction on China's move has been somewhat muted, still the dollar is being supported against the euro," said Kazuyuki Kato, treasury department manager in Tokyo at Mizuho Trust & Banking Co., a unit of Japan's second-biggest bank. "Investors are not willing to take risk, as the market is thin near year- end."

The dollar was at $1.3127 per euro from $1.3122 last week. It touched $1.3055 on Dec. 23, the highest since Dec. 1. The yen was at 108.81 per euro from 108.77. It earlier reached 108.43 per euro, the strongest since Dec. 1. The dollar fetched 82.89 yen from 82.88 yen.

The People's Bank of China increased key one-year lending and deposit rates by 25 basis points on Christmas Day in its second move since mid-October. The change took effect on 26 December 2010.

China's benchmark lending rate rose to 5.81 percent, compared with 7.47 percent before cuts from late 2008 to counter the global financial crisis. It will climb to 6.56 percent by the end of next year.

The deposit rate increased to 2.75 percent, compared with the 5.1 percent annual pace of inflation in November.

Panda Committee Seeks Suggestions on Revamping of EOU Scheme

[Ref: MoC&I No. 1/10/2010-EOU dated 28 December 2010]

Ministry of Commerce & Industry, Government of India has constituted a Committee under the Chairmanship of Shri S.C.Panda, Development Commissioner, Noida SEZ to review/revamp/remodel EOU Scheme. This is in view of changing global business environment and challenges and its impact on various sectors. The Committee will suggest suitable steps for improving EOU Scheme in order to keep the scheme more vibrant.

The aforesaid Committee will also look at the complementarities of the Scheme to SEZ and suggest methods for improved synergy between the two schemes. The Committee will also try to identify key sectors for accelerated growth and the inputs required for the same.

It has, therefore, been decided to seek suggestions from all concerned on this issue for consideration by this committee. The suggestions may be sent to the following ;

(a) E-mail-: g.muthuraja@nic.in

(b) Post - Room no. 346, B wing, Udyog Bhawan, New Delhi- 110011

Refixation on Export Product with 75% Fall

600 HS Codes Notified

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

08-Pol.Cir 24.12.2010 (DGFT)

Para 5.11.2 of the Hand Book of Procedure Volume -1 (HBP V-I) permits re-fixation of Annual Average Export Obligation, in case the export in any sector/ product group decline by more than 5%. This implies that for the sector/product group that witnessed such decline in 2009-10 as compared to 2008-09, would be entitled for such relief. This matter was discussed in the meeting of the Port Officers held on 3rd December, 2010 at Delhi.

2. A list of such product groups showing the percentage decline in exports during 2009-10 as compared to 2008-09 is enclosed. All RAs are requested to re-fix the annual average export obligation for EPCG Authorizations for the year 2009-10 accordingly.

This issues with the approval of DGFT.

[Codes Sorted by ABS, Original List in website www.worldtradescanner.com. Copy can be sent to readers on request]

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New Customs Procedures under FSSAI for

- High Risk Food Items
- Perishables
- RMS Module to be Modified for Random Sampling from 5% to 20% depending upon importer profile

Subject: Import of edible / food products

03-CBEC 06.01.2011 (DoR)

Attention is invited to Board Circular No.58/2001–Cus dated 25.10.2001 which provides detailed guidelines for examination and testing of food item prior to its testing and clearance by Customs officers under the provisions of Prevention of Food Adulteration Act, 1954 (PFA Act, 1954).

2. Further, in terms of Para 8 of Chapter I A (General Notes Regarding Import Policy) of the ITC (HS) Classification of Export and Import items, import of all such edible/food products including tea, domestic sale and manufacture of which are governed by Prevention of Food Adulteration Act, 1954, shall be subject to all the conditions laid down in the aforesaid Act. Import of all these products will have to comply with the quality and packaging requirements as laid down in the Act. Compliance of these conditions is to be ensured before allowing customs clearance of the consignment.

3. To consolidate the laws relating to food and to provide for a systematic and scientific development of Food Processing Industries, the government has enacted The Food Safety and Standards Act, 2006 (FSS Act, 2006). Under the Act, the Food Safety and Standards Authority of India (FSSAI) has been established to lay down standards and regulate/monitor the manufacturing, import, processing, distribution and sale of food. Section 97 of the FSS Act, 2006 provides that the existing Acts and Orders relating to food items such as PFA Act, 1954; Food Products Order, 1955; Meat Food Products Order, 1973; Vegetable Oil Products (Control) Order, 1947; Edible Oils Packaging (Regulation) Order, 1988; Solvent Extracted Oil, Deoiled Meal, and Edible Flour Control (Order), 1967; Milk and Milk Products Order, 1992 etc shall be repealed from a date to be notified.

4. The FSSAI has taken over PHO functions at select ports such as Nava Sheva and Mumbai with effect from 13.09.2010 with the stipulation that the existing rule and procedures will continue to be followed without any change till FSSAI regulations are notified. Thus, FSSAI has replaced PHO with its authorized officers at abovementioned ports in terms of section 47 (5) of the FSS Act, 2006.

5. Difficulties have been reported to Board by certain importers regarding delay in testing of samples and clearance of goods consequent upon implementation of FSS Act, 2006 at select ports.

6. It is also noted that vide Policy Circular 25(RE-2003)/2002-007 dated 28.01.2004 and 37(RE-2003)/2002-2007 dated 14.06.2004, the DGFT has modified the procedure for sampling of imported edible/Food Products.

7. Accordingly, the procedure of clearance of food articles has been revisited by the Board, and following modified procedure has been prescribed:

(a) All consignments of **high risk food items,** as listed in DGFT Policy Circular No. 37(RE-2003)/2002-2007 dated 14.06.2004 (as may be modified from time to time), shall be referred to Authorised Representative of FSSAI or PHOs, as the case may be, for testing and clearance shall be allowed only after receipt of the test report as per the instructions contained in the Customs Circular No. 58/2001–Cus, dated 25.10.2001.

(b) All consignments of **perishable items** like fruits, vegetables, meat, fish, cheese, etc., will continue to be handled in terms of the guidelines contained in Para 2.3 of the Board's Circular No.58/2001-Customs dated 25.10.2001.

(c) In respect of food items not covered under (a) and (b) above, the following procedure would be adopted in addition to the general checks prescribed under Para 2.1 of the Circular No. 58/2001–Cus, dated 25.10.2001:

(i) Samples would be drawn from the first five consecutive consignments of each food item, imported by a particular importer and referred to Authorised Representative of FSSAI or PHOs, as the case may be, for testing to ascertain the quality and health safety standards of the consignments.

(ii) In the event of the samples conforming to the prescribed standards, the Customs would switch to a system of checking 5% - 20% of the consignments of these food items on a random basis, for checking conformity to the prescribed standards. The selection of food items for random checking and testing would be done by the Customs taking into consideration factors like the nature of the food products, its source of origin as well as track record of the importers as well as information received from FSSAI from time to time.

(iii) In case, a sample drawn from a food item in a particular consignment fails to meet the prescribed standards, the Customs would place the import of the said consignment on alert, discontinue random checking for import of such food items and revert to the procedure of compulsory checking. The system of random sampling for import of such food items would be restored only if the test results of the samples drawn from the 5 consecutive consignments re-establish that the food items are in conformity with the prescribed standards.

8. Authorised Officers of FSSAI will ascertain that for the imported pre-packaged good items, the language and other major requirements of the label like mention of best before date, nutrition information etc. should comply the labeling provisions under PFA Rules, failing which sample may not be drawn from such consignment for testing.

9. It is also clarified that Risk Management System (RMS) module for import consignments of edible / food items, presently does not provide for random sampling as it is one of its CCR (Compulsory Customs Requirements) targets. Accordingly, Risk Management System (RMS) shall take necessary steps to modify the RMS module to conform to the new requirements. Till such time, this modification is carried out, Customs shall take appropriate decision to waive the CCR requirements in respect of food items not covered under Para 7 (a) and 7 (b) above and to the extent mentioned under Para 7 (c) above. In terms of Circular No.43/2005-Cus dated 24th November, 2005 such a course of action shall, however, be taken only with the prior approval of the jurisdictional Commissioner of Customs or an officer authorized by him for this purpose, who shall not be below the rank of Addl./Joint Commissioner of Customs, and after recording the reasons for the same. A brief remark on the reasons and the particulars of Commissioner/ADC/JC authorization should be made by the officer examining the goods in the departmental comments in the EDI system.

10. Further, as per Para 13 of Chapter I A (General Notes Regarding Import Policy) of the ITC (HS) Classification of Export and Import items, import of all such edible/ food products, domestic sale and manufacture which are governed by PFA Act, 1954 shall also be subject to the condition that at the time of importation, the products are having a valid shelf life of not less than 60% of the original shelf life. Shelf life of the product is to be calculated based on the declaration given on the label of the product, regarding its date of manufacture and the due date for expiry. Therefore, Customs shall ensure that this condition is complied with before allowing clearance of such consignments.

11. It is clarified that at certain ports / airports / ICDs / CFSs where Port Health Officers (PHO) under PFA, 1954 or Authorised officers under FSS Act, 2006 are not available, the samples will be drawn by Customs and the same may be got tested from the nearest Central Food Laboratory or a laboratory authorized for such testing by DGHS or FSSAI.

12. RMD shall develop an application software that incorporates the stipulation of testing of imported foodstuff and alerts the Customs officer to the effect the number of past shipments already tested and found fit warrants future shipments need not ordinarily be tested. This should apply regardless of port of import so long as the importer, supplier and item of import do not change. In other words, if such a shipment is imported say, at Mumbai and the previous 5 shipments imported at, say, Delhi have passed the test, then the next shipment at Mumbai need not be tested. A suitable data base would also be prepared at each Custom House to indicate the compliance history of importers.

13. The Board Circular 58/2001–Cus dated 25.10.2001 stands modified to above extent.

14. These instructions may be brought to the notice of all concerned by way of issuance of suitable Public Notice / Standing Order.

15. Difficulties, if any, in implementation of these instructions may be brought to the notice of the Board

F. No.450/115/2009-Cus.IV

Seizure of Export Goods only under Sex 110A of CA 1962

Field Officers Ordered to Release Export Goodss – No Detention beyond 3 days without Customs Commissioner Permission

Subject: Provisional release of export - goods detained for investigation

01-CBEC
04.01.2011
(DoR)

Attention is invited to the Board Circular No.33/2005-Customs dated 2.08.2005 which contains the instructions regarding provisional release of goods entered for exportation and is seized on the ground of mis-declaration in terms of quantity and value.

2. Instances have come to the notice of the Board that export consignments continue to be detained and not allowed clearance on provisional basis on account of pending test reports / investigations for alleged mis-declaration in terms of quantity, value and description of the goods. In one case it was reported that the detained goods were not allowed to be exported provisionally on the ground that Board's Circular referred above provides for provisional release of only the seized goods.

3. In this regard it is observed that inordinate detention of the seized goods entered for exportation results in delays in fulfillment of export order and at times cancellation of such orders. Detention of goods also adds to congestion in ports besides resulting in payment of demurrage charges to the Custodians. Accordingly, the matter has been re-examined by the Board with the view to ameliorate the aforementioned difficulties faced by exporters and to streamline the procedure of provisional release / exportation of seized goods / goods under investigation on account of mis-declaration in terms of quantity and value etc.

4. Seizure should be resorted to only when the Customs officers have a reason to believe that the goods in question are liable to confiscation under the Customs Act, 1962 and thereafter the provisions of Section 110A of the Customs Act, 1962 would come into play. However, there may be situations when the goods are to be detained for purpose of tests etc. to confirm the declaration. In such cases the endeavour should be to quickly undertake the necessary action (test / enquiry etc.) and take appropriate legal action thereafter so that the period of detention is kept to the minimum. Thus, the following course of action is prescribed in respect of goods entered for exportation:

(a) In case the export goods are found to be mis-declared in terms of quantity, value and description and are seized for being liable to confiscation under the Customs Act, 1962, the same may be ordered to be released provisionally on execution of a Bond of an amount equivalent to the value of goods along with furnishing an appropriate security in order to cover the redemption fine and penalty.

(b) In case the export goods are either suspected to be prohibited or found to be prohibited in terms of the Customs Act, 1962 or ITC (HS), the same should be seized and appropriate action for confiscation and penalty initiated.

(c) In case the export goods are suspected of mis-declaration or where declaration is to be confirmed and further enquiry / confirmatory test or expert opinion is required (as in case of chemicals or textiles materials), the goods should be allowed exportation provisionally. The exporters in these cases are required to execute a Bond of an amount equal to the value of goods and furnish appropriate security in order to cover the redemption fine and penalty in case goods are found to be liable to confiscation. In case exports are made under any Export Promotion / Reward Schemes, the finalization of export incentives should be done only after receipt of the test report / finalisation of enquiry and final decision in the matter. The Bond executed for provisional release shall contain a clause to this effect,

(d) Export goods detained for purpose of tests etc. must be dealt with on priority and the export allowed expeditiously unless the prohibited nature of goods is confirmed. Continued detention of any export goods in excess of 3 days must be brought to the notice of the Commissioner of Customs, who will safeguard the interest of the genuine exporters as well as the revenue.

5. A suitable public notice for information of trade and standing order for guidance of staff may be issued.

6. Difficulty faced, if any, in implementation of this Circular may be immediately brought to the notice of the Board.

F.No.401/179/2009-Cus.III

DGFT says Only Manually Assessed Shopping Bills for Manual Release of Incentives

Sub:-"On-line" submission of application – Clarification regarding use of manual mode for filing application on DGFT's server.

11-Pol.Cir
04.01.2011
(DGFT)

Recently representations have been received from various Exporters/Export Promotion bodies that at certain EDI Ports, there have been problems regarding filing of "on-line" shipping bill due to disruption / malfunctioning of EDI operations and the customs authorities are issuing manual Shipping Bills even from such EDI ports. The matter has been examined. Accordingly, in continuation of the earlier Policy Circular No.44 dated 10.1.2006, wherein this issue was addressed, the matter is further clarified as under:-

a) In such cases, the exporters shall use the manual Shipping Bill filing option on the DGFT's server to file their application for Export Promotion Schemes (Chapter 3,4 and 5 for the FTP). Moreover, necessary documents in original including Shipping Bills will need to be submitted to jurisdictional Regional Authority of DGFT by the exporter. However, EDI Shipping

Tariff Value on Brass Scrap Up by US$ 131/MT

Poppy Seeds Tariff Value Up by US$ 230/MT

103-Cus(NT)
31.12.2010
(DoR)

In exercise of the powers conferred by sub-section (2) of section 14 of the Customs Act, 1962 (52 of 1962), the Board, being satisfied that it is necessary and expedient so to do, hereby makes the following further amendment in the notification of the Government of India in the Ministry of Finance (Department of Revenue), No. 36/2001 - Cus (N. T.), dated, the 3rd August 2001, namely: -

In the said notification, for the Table, the following Table shall be substituted namely:-

Table

S.No.	Chapter/ heading/ sub-heading/ tariff item	Description of goods	Tariff value US $ (Per Metric Tonne)
(1)	(2)	(3)	(4)
1	1511 10 00	Crude Palm Oil	447 (i.e. no change)
2	1511 90 10	RBD Palm Oil	476 (i.e. no change)
3	1511 90 90	Others – Palm Oil	462 (i.e. no change)
4	1511 10 00	Crude Palmolein	481 (i.e. no change)
5	1511 90 20	RBD Palmolein	484 (i.e. no change)
6	1511 90 90	Others – Palmolein	483 (i.e. no change)
7	1507 10 00	Crude Soyabean Oil	580 (i.e. no change)
8	7404 00 22	Brass Scrap (all grades)	**4320**
9	1207 91 00	Poppy seeds	**3445**

[F. No. 467/4/2010-Cus.V]

Bills which are not transmitted properly will need to be EDI cleared and transmitted to DGFT's Server for grant of benefits. EDI Shipping Bill will not be accepted through manual option mode.

b) Regional Authority will ensure that the original Shipping Bills submitted are not the EDI Shipping Bills and are the manually assessed Shipping Bills, duly signed by the competent authority. Customs at their end will ensure that they do not transmit the manually cleared Shipping Bills electronically to avoid duplicacy and consequential erroneous grant of double benefits.

This issues with the approval of competent authority.

Classification Advice for Bonded Fabrics

Subject:- Classification of Polyester Bonded Fabrics and other Bonded Fabrics

02-CBEC 04.01.2011 (DoR)

References have been received that divergent practices are being followed by field formations regarding classification of polyester bonded fabrics and that classification disputes of polyester bonded fabrics are pending at various fora. The issue was also discussed in the Chief Commissioners' Conference on Tariff and Allied Matters held on 29.10.2010 at New Delhi where it was decided that the Board may issue a circular clarifying the issue.

2. The issue has been examined by the Board. Accordingly, it is clarified that,-

(i) Classification of a fabric produced by mixing two or more textile materials prior to spinning or during spinning or twisting or weaving should be determined on the basis of principles contained in Note (2) to Section XI and the relative Explanatory Notes.

(ii) Classification of bonded fabrics produced, after weaving or knitting, by assembling two or more layers of textile fabrics of different composition by sewing or gumming etc. should be determined by application of Rule 3 of the General Interpretative Rules. However, where it is necessary to determine the textile material that predominates by weight for the purpose of deciding classification of each layer of fabric, before determining the classification of the bonded fabric as a whole, the principles contained in Note (2) to Section XI should be applied and the examples provided in the relative Explanatory Notes should be taken as a guideline.

(iii) Laminated fabrics of heading 5903 or covered fabrics of heading 5907 should not be confused with the fabrics mentioned at Para 2 (ii) above, by relying upon dictionary meanings or other technical opinions. In this context it is clarified that the terms of headings and any relative Section or Chapter Notes are paramount i.e., they are the first consideration in determining classification. Further, Explanatory Notes being the official interpretation of the Harmonized System take precedence over dictionary meanings or other technical opinions. Therefore, as clarified by Explanatory Note (I) (A) to Section XI, classification of fabrics consisting of two or more layers of fabrics of different composition, bonded by plastic or other adhesive should be determined by application of Rule 3 of the General Interpretative Rules.

(iv) Another type of bonded fabrics are those defined in Note 9 to Section XI. These are fabrics consisting of layers of textile yarns superimposed on each other at acute or right angles. The essential character of these fabrics is that the yarns are not interlaced as in a conventional weaving, but are held in place by bonding at the intersections with an adhesive or by a process of thermal bonding. Although this kind of fabrics are not woven in the conventional way, these fabrics are to be classified in the same manner the normal non bonded woven fabrics are classified, in chapters 50 to 55 depending on the composition, by application of the principles contained in Note (2) to section XI.

(v) There are also some bonded fabrics that are stitch bonded. 'Stitch bonded *knitted* fabrics' are those that have undergone a type of warp knitting technique in which an extra yarn runs through the loops to bind two or more layers of fabric as they are being knitted. These types of stitch bonded fabrics are classified in chapter 60. Further, there are some stitch-bonded fabrics classifiable under 5602. The essential feature of these fabrics is that they consist of a web of textile fibres, the cohesion of which is enhanced by picking up fibres from the web itself, and not by means of textile yarns. The fibres are drawn by needles through the web, and form on the surface rows of chain stitches. Some of these fabrics may have a pile surface (whether or not cut) and may be reinforced by a ground of textile or other material.

3. Hence it is clarified that bonded fabrics should be classified depending on type of textile material and the nature of bonding as explained above.

4. All pending assessments, if any, may be finalized accordingly.

5. Difficulty faced, if any, may be brought to notice of the Board.

F.No.528/56/2010-STO (TU)

Interest Rate Subvention for Exports – Rs. 404 crore Sanctioned

The Cabinet Committee on Economic Affairs on 30 December approved provision of Rs. 404 crore and also approved an addition amount of Rs. 996 crore (after adjustment of Rs.404 crore from the requirement of Rs. 1400 crore as advised by Department of Financial Services) for meeting pending interest subvention claims of banks, as requested by RBI.

Background

The interest subvention scheme was introduced in July 2007 vide RBI notification dated 13.7.2007 on the advice of Ministry of Finance to help exporters offset the losses on account of global recession. In this scheme, which is operated by the Reserve Bank of India, Government provides interest subvention of 2 percentage points per annum to all scheduled commercial banks in respect of rupee export credit to the specified categories of exporters. The scheme covered the following sectors viz. Textiles (including Handlooms), Readymade Garments, Leather Products, Handicrafts, Engineering Products, Processed Agricultural Products, Marine Products., Sports Goods and Toys. Subsequently, the scheme was extended up to 31.03.2008 and two new sectors were included viz. Solvent Extracted De-oiled cake and Plastics & Linoleum.

Subsequently, the scheme was extended upto 31.3.2010 on pre and post shipment rupee export credit for the following employment oriented export sectors viz. Textiles (including Handloom); Handicrafts; Carpets; Leather; Gems & Jewellery; Marine products and Small & Medium Enterprises Thereafter, Government decided to extend the scheme w.e.f April 1, 2010 to March 31, 2011 on pre and post shipment rupee credit to employment oriented sectors viz. Handicrafts; Carpets; Handlooms; Small & Medium Enterprises (SME).

Under the first scheme of subvention, Reserve Bank of India had originally estimated the requirement of an amount of Rs.1350 crore for the period from July 1, 2007 to September 30, 2008. As regards the second scheme of subvention from December 1, 2008 to March 30, 2010, the RBI estimated the requirement of an amount Rs.1250 crore. CCEA approved release of Rs.800 crore and Rs.450 crore in its meetings dated 21.2.2008 and 23.2.2009 respectively for interest subvention. The balance amount to be released to Reserve Bank of India is Rs. 1400 crore (rounded off).

In the meanwhile, Government decided to extend the scheme on the same terms and conditions from 1.4.2010 to 31.3.2011 to certain additional sectors/sub-sectors in addition to the employment oriented export sectors, namely, Leather and leather manufactures, Jute manufacturing including Floor Covering, Engineering Goods and Textiles, for which Rs. 404 crore has been provided to Department of Commerce in the 1st Batch of Supplementary Demand for Grants for the year 2010-11.

Exchange Rates for Customs Valuation

IMPORTS and EXPORTS

The current notification No. 102-Customs(NT) dated 29th December 2010 supersedes notification 98-Customs(NT) dated 26th November 2010.

102-Cus(NT) 29.12.2010 (DoR) In exercise of the powers conferred by section 14 of the Customs Act, 1962 (52 of 1962), and in supersession of the notification of the Government of India in the Ministry of Finance (Department of Revenue) **No.98/2010-CUSTOMS (N.T.), dated the 26th November, 2010** *vide* number S.O. 2850(E), dated the 26th November, 2010, 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 1st January, 2010** 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	Imprted Goods Current	Imprted Goods Previous	Exported Goods Current	Exported Goods Previous
Schedule I – Rate of exchange of one unit of foreign currency equivalent to Indian rupees					
1	Australian Dollar	46.20	45.35	44.80	44.00
2	Canadian Dollar	45.50	45.95	44.25	44.60
3	Danish Kroner	8.15	8.30	7.90	8.05
4	EURO	60.65	61.75	59.00	60.10
5	Hong Kong Dollar	5.85	5.95	5.75	5.85
6	Norwegian Kroner	7.80	7.65	7.50	7.35
7	Pound Sterling	70.80	72.95	68.95	71.05
8	Swedish Kroner	6.75	6.70	6.55	6.45
9	Swiss Franc	47.90	46.50	46.55	45.25
10	Singapore Dollar	35.30	35.40	34.30	34.40
11	US Dollar	45.60	46.15	44.70	45.25
Schedule II – Rate of exchange of 100 units of foreign currency equivalent to Indian rupees					
1	Japanese Yen	55.55	55.55	53.90	53.95

[F.No.468/14/2010-Cus.V]

Madurai Airport Notified for Unloading and Loading of Baggage w.e.f. 1 January 2011

104-Cus(NT) 31.12.2010 (DoR) In exercise of the powers conferred by clause (a) of sub-section (1) of section 7 of the Customs Act, 1962 (52 of 1962), the Central Board of Excise & Customs hereby makes the following further amendment in the notification of the Government of India in the Ministry of Finance (Department of Revenue), No. 61/1994-Customs (N. T.) dated the 21st November, 1994, namely: -

In the said notification in the Table, against serial number 15 relating to State of Tamil Nadu, in column (3), after the entry "Tiruchirapalli (c)" and entries relating thereto in column (4), the following entries shall be inserted, namely:-

(1)	(2)	(3)	(4)
		"Madurai (d)	Unloading of baggage and the loading of baggage"

In the said notification, the aforesaid amendment shall be effective from January 1, 2011.

[F. No. 572/02/2009-LC]

Commodity Spot Prices in India – 03-07 January 2011

These commodity prices are taken from Multi Commodity Exchange of India (Mumbai) at 6 pm every day.

(Rs.)

Commodity	Unit	Market	3-Jan	4-Jan	7-Jan
CER (Carbon Trading)	1 MT	Mumbai	704.5	704.5	685
Chana	100 KGS	Delhi	2461	2456	2444
Masur	100 KGS	Indore	3200	3200	3400
Potato	100 KGS	Agra	NA	NA	NA
Potato TKR	100 KGS	Tarkeshwar	NA	NA	NA
Arecanut	100 KGS	Mangalore	NA	NA	NA
Cashewkern	1 KGS	Quilon	NA	NA	NA
Cardamom	1 KGS	Vandanmedu	1525.5	1498.2	1460.9
Coffee ROB	100 KGS	Kushalnagar	NA	NA	NA
Jeera	100 KGS	Unjha	NA	NA	NA
Pepper	100 KGS	Kochi	NA	NA	NA
Red Chili	100 KGS	Guntur	NA	NA	NA
Turmeric	100 KGS	Nzmbad	16973	16973	16500
Guar Gum	100 KGS	Jodhpur	NA	NA	NA
Maize	100 KGS	Nzmbad	1034	1034	1039.5
Wheat	100 KGS	Delhi	1332.9	1340.7	1361.7
Mentha Oil	1 KGS	Chandausi	1307	1287.4	1270
Cotton Seed	100 KGS	Akola	NA	NA	NA
Castorsd RJK	100 KGS	Rajkot	4078.5	4154	4229
Guar Seed	100 KGS	Bikaner	2383	2441	2410
Soya Bean	100 KGS	Indore	2348.5	2335	2306.5
Mustrdsd JPR	20 KGS	Jaipur	583.4	580.2	575.15
Sesame Seed	100 KGS	Rajkot	5525	5450	5425
Coconut Oil Cake	100 KGS	Kochi	NA	NA	NA
RCBR Oil Cake	1 MT	Raipur	NA	NA	NA
Kapaskhali	50 KGS	Akola	990.8	992.5	979
Coconut Oil	100 KGS	Kochi	8996	9048	9152
Refsoy Oil	10 KGS	Indore	633	629.35	627.1
CPO	10 KGS	Kandla	564.2	562.5	558
Mustard Oil	10 KGS	Jaipur	600.6	605.7	605.7
Gnutoilexp	10 KGS	Rajkot	773.6	775	755
Castor Oil	10 KGS	Kandla	NA	NA	NA
Crude Oil	1 BBL	Mumbai	4095	4090	4004
Furnace Oil	1000 KGS	Mumbai	NA	NA	NA
Sourcrd Oil	1 BBL	Mumbai	NA	NA	NA
Brent Crude	1 BBL	Mumbai	4246	4237	4283
Gur	40 KGS	Muzngr	NA	NA	NA
Sugars	100 KGS	Kolhapur	2882	2881	2840
Sugarm	100 KGS	Delhi	3200	3150	3113
Natural Gas	1 mmBtu	Hazirabad	197.4	207.7	200.9
Rubber	100 KGS	Kochi	20865	20959	21431
Cotton Long	1 Candy	Kadi	NA	NA	NA
Cotton Med	1 Maund	Sriganganagar	NA	NA	NA
Jute	100 KGS	Kolkata	3433.5	3448.5	3495.5
Gold	10 GRMS	Ahmd	20675	20610	20180
Gold Guinea	8 GRMS	Ahmd	16606	16555	16209
Silver	1 KGS	Ahmd	46630	46350	43885
Sponge Iron	1 MT	Raipur	NA	NA	NA
Steel Flat	1000 KGS	Mumbai	NA	NA	NA
Steel Long	1 MT	Gobindgarh	28465	28415	29520
Copper	1 KGS	Mumbai	439.3	439	432.5
Nickel	1 KGS	Mumbai	1118	1123.1	1118.8
Aluminium	1 KGS	Mumbai	110.15	111.05	113.7
Lead	1 KGS	Mumbai	115.9	115.4	121.5
Zinc	1 KGS	Mumbai	109	109.4	111.6
Tin	1 KGS	Mumbai	1207.25	1208	1197.75

(Source: MCX Spot Prices)

Dollar Exports Up 26.5% in Nov

Imports Rise 11.2%

India's exports during November, 2010 were valued at US $ 18895 million (Rs. 85063 crore) which was 26.5 per cent higher in Dollar terms (22.3 per cent higher in Rupee terms) than the level of US $ 14933 million (Rs.69537 crore) during November, 2009. Cumulative value of exports for the period April-November 2010 was US $ 140289 million (Rs 641225 crore) as against US $ 110689 million (Rs. 531974 crore) registering a growth of 26.7 per cent in Dollar terms and 20.5 per cent in Rupee terms over the same period last year.

India's imports during November, 2010 were valued at US $ 27796 million (Rs.125133 crore) representing a growth of 11.2 per cent in Dollar terms (7.5 per cent in Rupee terms) over the level of imports valued at US $ 24997 million (Rs. 116402 crore) in November, 2009. Cumulative value of imports for the period April-November, 2010 was US $ 221963 million (Rs. 1014960 crore) as against US $ 179063 million (Rs. 859871 crore) registering a growth of 24.0 per cent in Dollar terms and 18.0 per cent in Rupee terms over the same period last year.

Oil imports during November, 2010 were valued at US $ 7725 million which was 2.31 per cent higher than oil imports valued at US $ 7550.4 million in the corresponding period last year. Oil imports during April-November, 2010 were valued at US$ 64850 million which was 21.4 per cent higher than the oil imports of US $ 53415 million in the corresponding period last year.

Non-oil imports during November, 2010 were estimated at US $ 20071 million which was 15.05 per cent higher than non-oil imports of US $ 17446.2 million in November, 2009. Non-oil imports during April - November, 2010 were valued at US$ 157113 million which was 25.04 per cent higher than the level of such imports valued at US$ 125649 million in April - November, 2009.

The trade deficit for April - November, 2010 was estimated at US $ 81674 million which was higher than the deficit of US $ 68375 million during April -November, 2009.

Exports & Imports : (US $ Million) Provisional

	November	April-November
Exports (including re-exports)		
2009-10	14933	110689
2010-11	18895	140289
%Growth2010-11/ 2009-2010	26.5	26.7
Imports		
2009-10	24997	179063
2010-11	27796	221963
%Growth2010-11/ 2009-2010	11.2	23.96
Trade Balance		
2009-2010	-10064	-68375
2010-11	-8901	-81674

WORLD TRADE SCANNER

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Rare earths require more chemicals to separate than base metals such as copper, zinc and lead, said Bernd Lottermoser, a professor of environmental earth sciences at James Cook University in Queensland, Australia.

China toughened regulations in 2009 and set production quotas to bolster prices. Subsequent export restrictions combined with rising demand have caused the price of neodymium, used in Toyota's Prius hybrid car, to surge fourfold to $80 a kilogram from $19.12 in 2009, according to Lynas.

The world excluding China will require 55,000 to 60,000 tons of rare-earth metals this year, of which as much as 24,000 tons will come from China, Molycorp's Chief Executive Officer Mark Smith said in a Jan. 3 interview on Bloomberg Radio. The company may double its planned production to 40,000 tons in 2012 to help meet global demand, he said.

Devil You Know

Molycorp's mine won a San Bernardino County permit in 2004 to operate for 30 years and passed another inspection in 2007.

Processing improvements at that California mine will almost cut in half the amount of raw ore needed to produce the same amount of rare earth oxides, Molycorp's Smith said during testimony to the U.S. House Science and Technology Committee in March. Water recycling and treatment processes will reduce the mine's fresh water usage by 96 percent, he said.

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