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## Revenue Secretary Threatens Crack Down on Customs, Excise and Service Tax Evaders with Prosecution and Arrest as Revenue Collections Crash



The text of the Revenue Secretary Sumit Bose's Statement made to the media on 2 January 2013 is as follows:

The Finance Minister has consistently emphasized that clarity in tax laws, a stable tax regime, a non-adversarial tax administration, a fair mechanism for dispute resolution, and an independent judiciary will provide great assurance to investors. While our Department is making every possible effort to facilitate trade and industry, a number of tax payers/assessees are still not doing their part by paying their due taxes in a timely manner and complying with the law.

It has been observed that a number of Central Excise assesseees continue removing goods clandestinely, sometime even without registration, misusing CENVAT Credit or simply not paying Central Excise duties which are due to the Government, in disregard of the law. We are keeping a very close watch on such elements. They are advised to come forward to pay all due taxes and avail of the benefit of reduced penalty. If they fail to do so, they should be ready for the consequences which include:

- Recovery of duty along with interest and penalty up to 100%.
- Suspension of CENVAT Credit
- Provisional attachment of property, and
- Arrest and Prosecution

In case of Service Tax, all services are taxable With effect from 1.7.2012, except those in the Negative List and exempted services. However, a number of service providers who should be paying service tax now have not yet registered themselves. It is also noticed that **more than half of the service**

**providers** who are registered with us are not filing returns. The Department has also gathered information that a number of service providers are collecting service tax from the receivers of service but not depositing the tax with the Government. Let me warn them that all such service providers will not only be liable to pay the service tax along with interest and penalty which may be equal to the service tax evaded, but they can also be prosecuted for these offences. Money due to them from a third party can also be appropriated by the Government.

On the Customs side, we have seen that some importers and exporters are indulging in under-invoicing in import/over-invoicing in exports and mis-declaration of goods and are misusing exemptions and various incentive schemes, to evade customs duty. When 70 per cent of the consignments are being cleared by Customs on self-assessment basis, without any assessment and examination by the Department, it is incumbent upon the importers/exporters to discharge their correct duty liability. Some unscrupulous elements are already on the radar of DRI and intelligence wings of Customs houses. Such importers and exporters should be ready to face legal consequences including arrest and prosecution besides payment of duty with interest, fine and penalty up to 100% of duty evaded. The only window for them is to come forward and deposit the duty now and avail of the benefit of reduced penalty.

In these times of electronic availability of transactional and financial data from various sources on real time basis, let me emphasize that it is not difficult for the tax authorities to reach the doors of those who are evading tax payment.

The Government would urge all assesseees to ensure that they make timely and correct payment of customs duty, central excise duty and service tax for continued trade facilitation.

[Source: PIB (MoF) Press Release dated 2<sup>nd</sup> January 2013]

## Excise Recovery Procedure to be Activated within 30 to 90 Days where no Stay is Applied for or Granted

*Subject - Recovery of confirmed demand during pendency of stay application.*

967-CBEC 01.01.2013 (DoR) I am directed to bring your attention to the following circulars issued from time to time on the above issue and to state that it has been decided to rescind these circulars with immediate effect.

SNo.	Date	Circular no and File number of CX-6
1	18-11-88	80/88 and 208/31/88
2	2-3-90	7/90 and 208/107/89
3	21-12-90	23/90 and 209/107/89
4	12-11-92	16/92 and 208/59/92
5	3-8-94	47/47/94 and 208/33/94
6	2-6-98	396/29/98 and 201/04/98
7	25-2-2004	788/21/2004 and 208/41/2003

2) Henceforth, recovery proceedings shall be initiated against a confirmed demand in terms of the following order –

SNo.	Appellate Authority	Situation	Directions regarding recovery.
1	NIL	No appeal filed against a confirmatory order in original against which appeal lies with Commissioner (Appeals).	Recovery to be initiated after expiry of statutory period of 60 days for filing appeal.
2	Commissioner (Appeals)	Appeal filed without stay application against a confirmatory order in original.	Recovery to be initiated after such an appeal has been filed, without waiting for the statutory 60 days period to be exhausted.

3	Commissioner (Appeals)	Appeal filed with a stay application against an order in original.	Recovery to be initiated 30 days after the filing of appeal, if no stay is granted or after the disposal of stay petition in accordance with the conditions of stay, if any specified, whichever is earlier.
4	NIL	No appeal filed against an Order in Original issued by the Commissioner.	Recovery to be initiated after expiry of statutory period of 90 days for filing appeal from the date of communication of order.
5	CESTAT	Appeal filed without stay application against an Order in Original issued by the Commissioner.	Recovery to be initiated on filing of such an appeal, without waiting for the statutory 90 days period to be exhausted.
6	CESTAT	Appeal filed with a stay application against an Order in Original issued by the Commissioner.	Recovery to be initiated 30 days after the filing of appeal, if no stay is granted or after the disposal of stay petition in accordance with the conditions of stay, if any, whichever is earlier.
7	NIL	No appeal filed against an Order in Appeal issued by a Commissioner (Appeals) confirming the demand for the first time.	Recovery to be initiated after expiry of statutory period of 90 days for filing appeal from the date of communication of order.
8	CESTAT	Appeal filed without stay application against an Order in Appeal confirming the demand for the first time.	Recovery to be initiated on filing of such an appeal in the CESTAT, without waiting for the statutory 90 days period to be exhausted.
9	CESTAT	Appeal filed with a stay application against an Order in Appeal confirming the demand for the first time.	Recovery to be initiated 30 days after the filing of appeal, if no stay is granted or after the disposal of stay petition in accordance with the conditions of stay, if any, whichever is earlier.
10	CESTAT	All cases where Commissioner (Appeals) confirms demand in the Order in original.	Recovery to be initiated immediately on the issue of Order in Appeal.
11	High Court or Supreme Court	Tribunal or High Court confirms the demand.	Recovery to be initiated immediately on the issue of order by the Tribunal or the High Court, if no stay is in operation.

3) It may be noted that a confirmed demand remains an order in operation till it is stayed. Mere preferment of appeal itself does not operate as a stay. Hon'ble Supreme Court in case of Collector of Customs, Bombay Vs Krishna Sales (P) Ltd [1994 (73) E.L.T 519 (S.C)] has observed that "As is well known, mere filing of an Appeal does not operate as a stay or suspension of the Order appealed against". Accord-

ingly, the above directions are hereby issued for initiating recovery of the confirmed demands.

4) Instructions in CBEC's Excise Manual of Supplementary instructions on the above subject or any other circular, instruction or letter contrary to this circular stand amended accordingly.

F. No. 208/36/2012-CX.6

### CBEC Order CCTV in Customs Area for Security and Unauthorized Access

Subject: Installation of Close Circuit Television Systems (CCTV).

03-CBEC Attention is invited to para 01.01.2013 5(1)(i)(n) of the Handling of Cargo in Customs Areas Regulations, 2009' which

stipulates that Customs Cargo Service provider (CCSP) or the applicant shall provide security and access control to prohibit unauthorized access to the premises.

2. Security of imported and export goods in Customs area is of utmost importance and any unauthorized access / entry should be prohibited at any cost. One methodology is to use Video Cameras and CCTVs Systems. CVC has also emphasized the utility of Video Cameras and CCTVs Systems from the view point of preventive vigilance. It has however been noticed that Video Cameras and CCTVs Systems are not installed by many Custodians / CCSPs.

3. Accordingly, Board has decided that Com-

missioner of Customs, at the time of notification / Order under Section 8 of the Customs Act, 1962 for specifying Customs area for loading and unloading of imported or export goods and appointment of Custodian under Section 45 of the Customs Act, 1962, should ensure that Video Cameras and CCTVs Systems are installed in the Customs area for security and to prohibit unauthorized access to the premises. The video footage should be available to Customs, which shall regularly monitor the same. This should be ensured by the Custodians / CCSPs within one month of issue

of this Circular.

4. The above instructions may be brought to the notice of all the concerned immediately through appropriate Public Notice / Standing orders.

F. No.450/13/2012-Dir (Cus)



### DGFT Withdraws Circulars for Testing of Samples of Basmati Rice for Variety Identification

Subject: Withdrawal of provision for drawing of export samples of basmati rice for variety identification purposes.

11-Pol.Cir Policy Circular No. 33 (RE-03.01.2013 2008) 2004-09 dated 30<sup>th</sup> (DGFT) September, 2008 prescribed drawing of

samples from the consignment of basmati rice and PUSA 1121 rice by the Customs and analysis of the samples by AGMARK testing centres for variety identification purpose. Through Policy Circular No. 28/2009-14 dated 31.03.2010 Basmati Export Development Foundation (BEDF), Modipuram was also designated as authorized centre for testing of samples of basmati rice for variety identification.

2. Since, export of non-basmati rice has been made free with effect from 09.09.2011 it has been decided to withdraw with immediate effect both the policy circulars mentioned in Para 1 above namely Policy Circular No. 33 (RE-2008) 2004-09 dated 30.09.2008 and Policy Circular No. 28/2009-14 dated 31.03.2010.

3. This issues with the approval of Director General of Foreign Trade.

### Cotton Exports to Pak

### DGFT Relaxes Cotton Export Procedure for Pak due to Congestion at Wagah Border

Subject: Clarification regarding export of cotton through Wagah border.

12-Pol.Cir It has been brought to the 03.01.2013 notice of the Government that (DGFT) delay is being experienced at

Wagah Land Customs Port in clearing of consignments due to heavy congestion. The issue has been examined. The matter has been raised with the concerned authorities.

2. In respect of export of cotton, RC holders have been given 30 days time to export. In view of the congestion at Wagah such exporters of

cotton to Pakistan are permitted to (a) seek one time extension in the validity period of the RC for a maximum period of 30 days, or (b) surrender of un-utilized

or partially utilized RC to the concerned RA without inviting penalty. This dispensation is available only for such exporters of cotton who have obtained RC to export to Pakistan. In addition the benefit will be available only if request for revalidation or request for surrendering the un-utilized or under utilized RC is made to the concerned RA **within the validity of the respective RC**. RAs are authorized to take necessary action accordingly. They would submit a weekly return to the Headquarter about the number of RC re-validated (and their quantities) and the number of RC so surrendered (and their quantities).

3. This issues with the approval of Director General of Foreign Trade.



## Export of Grapes, Groundnuts and their Products Requires APEDA Registration

*Subject: Requirement of Certification regarding export of Fresh Grapes, Groundnut, Peanut & its products.*

28-Ntnf(RE) In exercise of powers conferred by Section 5 of the 03.01.2013 Foreign Trade (Development & Regulation) Act, 1992 (DGFT) (No. 22 of 1992) read with Para 2.1 of the Foreign Trade Policy, 2009-2014, the Central Government, with immediate effect, makes the following amendments in Schedule 2 (Export Policy) of ITC(HS) Classification of Export and Import Items, as amended from time to time.

2. With immediate effect, a new entry at **SI. No. 54A in Chapter 8** of Schedule 2 (Export Policy) of ITC(HS) Classification of Export and Import Item is **added** as follows:-

### Chapter-8

#### Edible Fruit and Nuts; Peel of Citrus Fruit or Melons

SNo.	Tariff Item HS Code	Unit	Item Description	Export Policy	Nature of Restriction
54A	08061000	Kg	Grapes, Fresh or Dried	Free	Export to European Union is permitted subject to registration with APEDA.

3. With immediate effect, entry at **SI. No. 66 in Chapter 12** of Schedule 2 (Export Policy) of ITC(HS) Classification of Export and Import Item is **substituted** as follows:-

SNo.	Tariff Item HS Code	Unit	Item Description	Export Policy	Nature of Restriction
66	1202 10 00	Kg	Groundnuts (Peanuts) and their products including in-shell	Free	(a) Export to all countries (except exports to Russian Federation) is permitted subject to registration with APEDA along with controlled Aflatoxin level Certificate issued by APEDA recognized laboratories (as updated from time to time) on their website at URL <a href="http://www.apeda.gov.in/apedaweb/HACCP/recognized_laboratories.pdf">www.apeda.gov.in/apedaweb/HACCP/recognized_laboratories.pdf</a> (b) Exports to Russian Federation permitted subject to pre-shipment quality certification issued by (1) Insecticide Residue Testing Laboratory. (2) Geo-Chem Laboratories Pvt. Ltd. (3) Reliable Analytical Laboratory (4) Arbro Pharmaceuticals Ltd. (5) Shri Ram Institute for Industrial Research, Delhi (6) Shri Ram Institute for Industrial Research, Branch Office Bangalore (7) Delhi Test House; and (8) Vimta Labs. or any other agency as may be notified from time to time.



4. With immediate effect, entry at **SI. No. 67 in Chapter 12** of Schedule 2 (Export Policy) of ITC(HS) Classification of Export and Import Item is **substituted** as follows:-

SNo.	Tariff Item HS Code	Unit	Item Description	Export Policy	Nature of Restriction
67	1202 10 10	Kg	Groundnut (of Seed Quality)	Free	(a) Export to all countries (except exports to Russian Federation) is permitted subject to registration with APEDA along with controlled Aflatoxin level Certificate issued by APEDA recognized laboratories (as updated from time to time) on their website at URL <a href="http://www.apeda.gov.in/apedaweb/HACCP/recognized_laboratories.pdf">www.apeda.gov.in/apedaweb/HACCP/recognized_laboratories.pdf</a>

1202 10 19	Kg	Groundnut (Other)	(b) Exports to Russian Federation permitted subject to pre-shipment quality certification issued by (1) Insecticide Residue Testing Laboratory. (2) Geo-Chem Laboratories Pvt. Ltd. (3) Reliable Analytical Laboratory (4) Arbro Pharmaceuticals Ltd. (5) Shri Ram Institute for Industrial Research, Delhi (6) Shri Ram Institute for Industrial Research, Branch Office Bangalore (7) Delhi Test House; and (8) Vimta Labs. or any other agency as may be notified from time to time.
1202 10 91	Kg	Groundnut (Other of Seed Quality)	
1202 10 99	Kg	Groundnut (Other)	
1202 20 10	Kg	Groundnut (Kernels, H.P.S.)	
1202 20 90	Kg.	Groundnut (Other)	

5. With immediate effect, a new entry at **SI. No. 93A in Chapter 20** of Schedule 2 (Export Policy) of ITC(HS) Classification of Export and Import Item is **added** as follows:-

### Chapter-20

#### Preparations of Vegetables, Fruits, Nuts or Other parts of Plants

SNo.	Tariff Item HS Code	Unit	Item Description	Export Policy	Nature of Restriction
93A	2008 11 00	Kg	Groundnuts, otherwise prepared or preserved, whether or not mixed together and whether or not containing added sugar or other sweetening matter or spirit, not elsewhere specified or included.	Free	(a) Export to all countries (except exports to Russian Federation) is permitted subject to registration with APEDA along with controlled Aflatoxin level Certificate issued by APEDA recognized laboratories (as updated from time to time) on their website at URL <a href="http://www.apeda.gov.in/apedaweb/HACCP/recognized_laboratories.pdf">www.apeda.gov.in/apedaweb/HACCP/recognized_laboratories.pdf</a> (b) Exports to Russian Federation permitted subject to pre-shipment quality certification issued by (1) Insecticide Residue Testing Laboratory. (2) Geo-Chem Laboratories Pvt. Ltd. (3) Reliable Analytical Laboratory (4) Arbro Pharmaceuticals Ltd. (5) Shri Ram Institute for Industrial Research, Delhi (6) Shri Ram Institute for Industrial Research, Branch Office Bangalore (7) Delhi Test House; and (8) Vimta Labs. or any other agency as may be notified from time to time.

#### 6. Effect of this notification

(i) Export of Grapes to European Union would require registration from APEDA.

(ii) Export of Groundnuts and its products to all countries except Russian Federation would require registration from APEDA along with controlled Aflatoxin level certificate by the recognized laboratories. Earlier only for export to European Union compulsory registration of contracts with APEDA along with controlled Aflatoxin level certificate was required.

(iii) Export of Groundnuts and its products to Russian Federation would continue to be on the basis of pre-shipment certificate by notified laboratories.

## Crude Duty from Brunei Cut to Zero

[The current notification 63/31.12.2012 supersedes previous notification 116/01.11.2010 – The duty was 1%]

Ntnf 63  
31.12.2012  
(DoR)

In exercise of the powers conferred by sub-section (1) of section 25 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.116/2010-Customs, dated the 1<sup>st</sup> November, 2010, published in the Gazette of India, Extraordinary, Part II, Section 3, Sub-section (i) vide number G.S.R. 875 (E), dated the 1<sup>st</sup> November, 2010, except as respects things done or omitted to be done before such supersession, the Central Government, on being satisfied that it is necessary in the public interest so to do, hereby exempts Crude Petroleum oils and oils obtained from bituminous minerals falling under the tariff item 2709 00 00 of the First Schedule to the Customs Tariff Act, 1975 (51 of 1975), when imported into India from Brunei Darussalam, from whole of the duty of customs leviable thereon under the First



Schedule to the Customs tariff Act, 1975 (51 of 1975):

Provided that the importer proves to the satisfaction of the Deputy Commissioner of Customs or Assistant Commissioner of Customs, as the case may be, that the goods in respect of which the benefit of this exemption is claimed are of the origin of Brunei Darussalam, in accordance with provisions of the Customs Tariff [Determination of Origin of Goods under the Preferential Trade Agreement between the Governments of Member States

of the Association of Southeast Asian Nations (ASEAN) and the Republic of India] Rules, 2009, published in the notification of the Government of India in the Ministry of Finance (Department of Revenue), No. 189/2009-Customs (N.T.), dated the 31st December 2009.

2. This notification shall come into force with effect from 1st day of January, 2013.

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

## One to Five percent Duty Cut on 1630 Items in Indo-Malaysia PTA

Ntnf 67  
31.12.2012  
(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.53/2011-Customs, dated the 1<sup>st</sup> July, 2011 published in the Gazette of India, vide number G.S.R. 499 (E), dated the 1<sup>st</sup> July, 2011, namely:- In the said notification, for the Table, the following shall be substituted.

[Table is available at our website [www.worldtradesScanner.com](http://www.worldtradesScanner.com)]

## Indo-ASEAN FTA Duty on 1589 Items

- 2-3 percent Cut for Philippines
- 2-5 percent Cut for 9 Countries in ASEAN

Ntnf 64  
31.12.2012  
(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.46/2011-Customs, dated the 1<sup>st</sup> June, 2011 published in the Gazette of India, Extraordinary, Part II, Section 3, Sub-Section (i), vide number G.S.R. 423 (E), dated the 1<sup>st</sup> June, 2011, namely:-

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

[Table is available at our website [www.worldtradesScanner.com](http://www.worldtradesScanner.com)]

## Indo-Korea CEPA General Duty on 966 Items

### 1 to 3 percent Duty Cut

Ntnf 66  
31.12.2012  
(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 31<sup>st</sup> 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 31<sup>st</sup> December, 2009, namely:-

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

[Table is available at our website [www.worldtradesScanner.com](http://www.worldtradesScanner.com)]

## Duty Cuts on Pak under SAFTA

- Table I – 120 Entries at 5% Duty
- Table II – 264 Entries at 8% Duty
- Table III – 614 Entries – Negative List

Ntnf 68  
31.12.2012  
(DoR)

In exercise of the powers conferred by sub-section (1) of section 25 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. 125/2011-Customs, dated the 30<sup>th</sup> December, 2011 [G.S.R.929 (E), dated the 30th December, 2011] except as respects things done or omitted to be done before such supersession, the Central Government, on being satisfied that it is necessary in the public interest so to do, hereby exempts,-

(i) all goods, other than the goods specified in TABLE II, of the description specified in column (3) of the TABLE I hereto annexed and falling under the Chapter, Heading, Sub-heading or Tariff item of the First Schedule to the Customs Tariff Act, 1975 (51 of 1975), and specified in the corresponding entry in column (2) of the said TABLE, from so much of the duty of customs leviable thereon as is in excess of the amount calculated at the rate specified in the corresponding entry in column (4) of the aforesaid TABLE;

(ii) all goods of the description specified in column (3) of the TABLE II hereto annexed and falling under the Chapter, Heading, Sub-heading or Tariff item of the First Schedule to the Customs Tariff Act, 1975 (51 of 1975), and specified in the corresponding entry in column (2) of the said TABLE, from so much of the duty of customs leviable thereon as is in excess of the amount calculated at the rate specified in the corresponding entry in column (4) of the aforesaid TABLE,

when imported into India from a country listed in APPENDIX to this notification:

Provided that the importer proves to the satisfaction of the Deputy Commissioner of Customs or Assistant Commissioner of Customs, as the case may be, that the goods in respect of which the benefit of this exemption is claimed, are of the origin of the country listed in the APPENDIX in accordance with the Rules of Determination of Origin of Goods under the Agreement on South Asian Free Trade Area (SAFTA), 2006, published in the notification of the Government of India in the Ministry of Finance (Department Revenue) No 75/2006-Customs(NT) dated the 30<sup>th</sup> June,2006.

2. Nothing contained in sub-paragraph (i) and (ii) of paragraph 1 of this notification shall apply to goods specified in TABLE III.

3. This notification shall come into force with effect from the 1st day of January 2013.

[Table is available at our website [www.worldtradesScanner.com](http://www.worldtradesScanner.com)]

## Specific Safeguard Duty of 20% Imposed on Stainless Steel HR Flats on Account of "Market Disruption"

Ntfn 01-SG  
04.01.2013  
(DoR)  
Whereas, in the matter of import of Hot Rolled Flat Products of Stainless Steel 304 grade classified within

Chapter 72 of the First Schedule to the Customs Tariff Act, 1975 (51 of 1975) (hereinafter referred to as the Customs Tariff Act), the Director General (Safeguard), in its preliminary findings published in the Gazette of India, Extraordinary, Part II, Section 3, Sub-section (i), vide number G.S.R. 714 (E), dated the 24<sup>th</sup> September, 2012 and subsequent Corrigendum vide G.S.R. 825 (E) dated 12<sup>th</sup> November, 2012 and Corrigendum-2 vide G.S.R. 841 (E) dated 23<sup>rd</sup> November, 2012 had come to the conclusion that increased imports of Hot Rolled Flat Products of Stainless Steel - 304 grade (upto a maximum width of 1605 mm) and encompassing all austenitic grades having minimum Nickel (Ni) content of 6 per cent., compulsorily containing Chromium with or without the presence of other alloying elements like Molybdenum, Titanium etc., (hereinafter referred to as the subject goods) falling under sub-headings 72191111, 72191112, 72191190, 72191200, 72191300, 72191400, 72192111, 72192112, 72192121, 72192122, 72192131, 72192132, 72192141, 72192142, 72192190, 72192211, 72192212, 72192219, 72192291, 72192292, 72192299, 72192310, 72192320, 72192390, 72192411, 72192412, 72192413, 72192419, 72192421, 72192422, 72192423, 72192429, 72192490, 72201110, 72201121, 72201122, 72201129, 72201190, 72201210, 72201221, 72201222, 72201229, 72201290 of the Customs Tariff Act, into India had caused and threatened to cause market disruption to the domestic industry comprising producers of the subject goods thereby necessitating the imposition of provisional safe-



guard duty on imports of the subject goods from the Peoples Republic of China into India; Now, therefore, in exercise of the powers conferred by sub-section (2) of section 8C of the said Act, read with rules 10 and 14 of the Customs Tariff (Transitional Product Specific Safeguard Duty) Rules, 2002, the Central Government after considering the said findings of the Director General (Safeguard), hereby imposes on Hot Rolled Flat Products of Stainless Steel -304 grade (upto a maximum width of 1605 mm), and encompassing all austenitic grades having minimum Nickel (Ni) content of 6 percent., compulsorily containing Chromium with or without the presence of other alloying elements like Molybdenum, Titanium etc., falling under tariff items 72191111, 72191112, 72191190, 72191200, 72191300, 72191400, 72192111, 72192112, 72192121, 72192122, 72192131, 72192132, 72192141, 72192142, 72192190, 72192211, 72192212, 72192219, 72192291, 72192292, 72192299, 72192310, 72192320, 72192390, 72192411, 72192412, 72192413, 72192419, 72192421, 72192422, 72192423, 72192429, 72192490, 72201110, 72201112, 72201121, 72201122, 72201129, 72201190, 72201210, 72201221, 72201222, 72201229, 72201290 of the First Schedule to the Customs Tariff Act, when imported into India, from the People's Republic of China, a provisional safeguard duty at the rate of 20 percent. *ad-valorem*.

guard duty on imports of the subject goods from the Peoples Republic of China into India;

Now, therefore, in exercise of the powers conferred by sub-section (2) of section 8C of the said Act, read with rules 10 and 14 of the Customs Tariff (Transitional Product Specific Safeguard Duty) Rules, 2002, the Central Government after considering the said findings of the Director General (Safeguard), hereby imposes on Hot Rolled Flat Products of Stainless Steel -304 grade (upto a maximum width of 1605 mm), and encompassing all austenitic grades having minimum Nickel (Ni) content of 6 percent., compulsorily containing Chromium with or without the presence of other alloying elements

like Molybdenum, Titanium etc., falling under tariff items 72191111, 72191112, 72191190, 72191200, 72191300, 72191400, 72192111, 72192112, 72192121, 72192122, 72192131, 72192132, 72192141, 72192142, 72192190, 72192211, 72192212, 72192219, 72192291, 72192292, 72192299, 72192310, 72192320, 72192390, 72192411, 72192412, 72192413, 72192419, 72192421, 72192422, 72192423, 72192429, 72192490, 72201110, 72201112, 72201121, 72201122, 72201129, 72201190, 72201210, 72201221, 72201222, 72201229, 72201290 of the First Schedule to the Customs Tariff Act, when imported into India, from the People's Republic of China, a provisional safeguard duty at the rate of 20 percent. *ad-valorem*.

2. The safeguard duty imposed under this notification shall be effective for a period of 200 days (unless revoked, superseded or amended earlier) from the date of publication of this notification in the Official Gazette.

[F No. 354/158/2012-TRU-Part I]

## Milk Covered in Foodstuff for Service Tax Exemption

*Subject: Service tax on services by way of transportation of goods by rail/vessel – transportation of milk.*

167-ST  
01.01.2013  
(DoR)  
Representation has been received from the Indian Railways seeking clarification as to whether service by way of transportation of milk by rail is covered by Notification No.25/2012-ST dated 20.06.2012, serial number 20(i).

2. The representation has been examined. The expression 'foodstuff' appearing in Notification No.25/2012-ST dated 20.06.2012, serial

number 20(i) includes milk. Therefore, it is clarified that the service by way of transportation of milk by rail or a vessel from one place in India to another, is covered by the Notification No.25/2012-ST dated 20.06.2012.

3. Trade Notice/Public Notice may be issued to the field formations and tax payers. Please acknowledge receipt of this Circular. Hindi version follows.

F.No.B-1/2/2010 -TRU

## No Service Tax Leviable on Reminder Letters Issued for Insurance Policies Premium to Policy Holders

*Subject: - Clarification in respect of notices/ reminder letters issued for life insurance policies.*

166-ST  
01.01.2013  
(DoR)  
It has been represented by life insurance companies that in terms of the practice followed, reminder notices/letters are

being issued to the policy holders to pay renewal premiums. Such reminder notices only solicit furtherance of service which if accepted

by policy holder by payment of premium results in a service. Clarification has been desired whether service tax needs to be paid on the basis of such reminders.

3. The matter has been examined. Under the Point of Taxation Rules 2011, the point of taxation generally is the date of issue of invoice or

## Indo-Japan CEPA

### Duty Slashed on Engines of 250cc plus and Gear Boxes and Parts

Ntfn 65  
31.12.2012  
(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.69/2011-Customs dated the 29<sup>th</sup> July, 2011 published in the Gazette of India, Extraordinary, Part II, Section 3, Sub-section (i), vide number G.S.R. 593 (E), dated the 29<sup>th</sup> July, 2011, namely:-

In the said notification, in the Table,-

(a) against **S. No. 521**, for the entry in column (4), the entry "8.75" shall be substituted;

(b) against **S. No. 746**, for the entry in column (4), the entry "10" shall be substituted.

2. This notification shall come into force with effect from the 1st day of January, 2013.

[F.No. 354/199/2009-TRU]

receipt of payment whichever is earlier. The invoice mentioned refers to the invoices as issued under Rule 4A of the Service Tax Rules 1994. No tax point arises on account of such reminders. Thus it is clarified that reminder letters/notices for insurance policies not being invoices would not invite levy of service tax. In case of issuance of any invoice, point of taxation shall accordingly be determined.

4. The above clarification is issued only for life insurance sector.

5. Trade Notice/Public Notice may be issued to the field formations accordingly.

F.No 354/190/2012- TRU

## FIEO Opens Three Additional Chapter Offices in Raj, Kerala and Jharkhand

*Subject: - Inclusion of Chapter Offices of FIEO in Appendix-2 of Handbook of Procedures Vol.1.*

44-PN(RE)  
02.01.2013  
(DGFT)  
In exercise of powers conferred under paragraph 2.4 of the Foreign Trade Policy 2009-2014, the Director

General of Foreign Trade hereby notifies following Chapter Offices of Federation of Indian Export Organizations (FIEO) in Appendix-2 of Handbook of Procedures-Volume 1 (Appendices and Aayat Niryat Forms), 2009-2014:

### 1. Rajasthan Chapter

Sheel Mohar Plaza, 2<sup>nd</sup> Floor Plot No. A-1, Tilak Marg C-Scheme, Jaipur-302005

Telefax: +91-141-4055591

Mobile: +91-8560944974

E-mail: rajasthan@fieo.org

## 2. Kerala Chapter

Syda Building, 1<sup>st</sup> Floor, K K Road, Kaloor  
Kochi-682017

Phone: +91-484-2346223

Fax: +91-484-2346224

Mobile: +91-8547731069

E-mail: kerala@fieo.org

## 3. Jharkhand Chapter

RIADA Building, 5<sup>th</sup> Floor Namkum Industrial  
Area, Ranchi, Jharkhand-834010

Phone: +91-651-2462084

Telefax: +91-651-2462085

Mobile: +91-8757300990

E-mail: jharkhand@fieo.org

2. Accordingly, the above Chapter Offices are included under Column 4 of Sl. No. 12 of Appendix-2.

## 3. Effect of this Public Notice

Three additional Chapter Offices of FIEO have been included in Appendix-2 of the Handbook of Procedures-Volume 1 (Appendices and Aayat Niryat Forms), 2009-2014.

## RBI Revises Softex Procedures for Large Exporters – STPI or SEZ/EPZ/EOU or DTA to Certify Revised Excel Sheets

*Subject: Export of Goods and Services – Simplification and Revision of Softex Procedure at SEZs*

AP(DIR Srs) Attention of the Authorised  
Cir.66 Dealer Banks is invited to  
01.01.2013 Regulation 6 of the Notification  
(RBI) No. FEMA 23/2000-RB dated  
May 3, 2000 viz. Foreign

Exchange Management (Export of Goods and Services) Regulations, 2000, as amended by the Notification No.FEMA.36/2001-RB dated February 27, 2001, in terms of which designated officials of the Ministry of Information Technology/ Ministry of Commerce and Industry(as the case may be), Government of India at the Software Technology Parks of India (STPIs) or at Free Trade Zones (FTZs) or Export Processing Zones (EPZs) or Special Economic Zones (SEZs), had been authorized to certify exports declared through SOFTEX Forms.

2. A revised Softex procedure was first introduced at the 5 designated centres of STPIs from April 1, 2012 vide A.P. (DIR Series) Circular No.80 dated February 15, 2012 and subsequently extended to all STPIs in India vide A.P. (DIR Series) Circular No.47 dated October 23, 2012.

3. It has now been decided to implement the

revised Softex procedure at all SEZs/EPZs/100%EOU/DTA also with immediate effect.

4. As per the revised procedure, a software exporter either under STPIs or SEZs/EPZs/100%EOU/DTA, whose annual turnover is at least Rs.1000 crore or who files at least 600 SOFTEX forms annually on all India basis, will be eligible to submit statements in revised excel format sheets as per enclosed Annexures A & B. All other terms and conditions mentioned in the A.P. (DIR Series) Circular No.80 dated February 15, 2012 applicable to exporters of software situated in STPIs would remain unchanged.

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

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

**[Format of Softex Forms is available at our website [www.worldtradescanner.com](http://www.worldtradescanner.com)]**

## Rupee Forecast to Rise to Rs. 50 per Dollar on Forex Inflows

India's rupee will rise at least 10 percent in 2013, its biggest gain in six years, as central bank interest-rate cuts spur growth in Asia's third-largest economy, according to the most-accurate forecaster.

The currency will strengthen to 50 per dollar, according to Commerzbank AG, which had the closest estimates in the last six quarters as measured by Bloomberg Rankings. Dollar-based investors will earn 14.9 percent, including interest income, from holding rupees this year, based on the median estimate in a Bloomberg survey and prevailing deposit rates. That would be the highest in the world and compares with 8.5 percent on Mexico's peso and 6.9 percent on China's yuan.

"With rate cuts you get the inflows into equities and bonds," Charlie Lay, Singapore-based foreign-exchange strategist at Commerzbank, said in a Jan. 4 telephone interview. "The economy is showing signs of stabilization."

Global funds have increased holdings of Indian debt by 26 percent since the end of 2011 to a record, while investors poured almost \$25 billion into stocks last year as Prime Minister Manmohan Singh unveiled measures to improve growth and public finances. Inflows

will rise further as easing inflation allows the Reserve Bank of India to lower the highest borrowing costs among major Asian economies, according to Westpac Banking Corp. and Barclays Plc, the third- and fourth-best forecasters.

## Currency Forecasts

Standard Chartered Plc, ranked second, and Westpac predict the rupee will appreciate to 53 per dollar by the end of this year, while Barclays forecasts a level of 53.50 toward the end of 2013. The currency fell 0.1 percent to 55.3050 on 8 January. It declined 3.5 percent in 2012 after a 16 percent plunge in 2011.

Inflation slowed to a 10-month low of 7.24 percent in November, the latest period for which figures are available, and will drop to 7 percent by June. Price gains have remained above the RBI's comfort level of 5 percent for the past three years and are the highest among the world's largest emerging markets. Industrial output unexpectedly rose 8.2 percent in October after contracting 0.7 percent the previous month, government data show.

## Capital Inflows

Foreign funds have raised investments in ru-

## Ahmedabad Excise Intelligence Recovers Rs. 100 crs, Detects Another Rs. 300 crs

During the current Financial Year (up to December, 2012), the Directorate General of Central Excise Intelligence, Ahmedabad Zonal Unit has detected Central Excise duty & Service Tax evasion to the tune of **Rs.300.63 Crores** and has recovered an amount of **Rs.100.03 Crores** on the spot voluntarily from various evaders of Central Excise duty as well as Service Tax. Out of total recovery of Rs.100 Crores, more than 80% amount was deposited by the evaders of Service Tax. The recovery of Rs.100 Crores in first nine months of Financial year is one of the highest in India and a significant milestone in the performance of DGCEI, Ahmedabad Zonal Unit. The on-the-spot recovery during the corresponding period in the last Financial Year was about Rs.81 Crores and thus the performance during the current Financial Year is up by 23%. During the first three quarters of the Financial Year the Directorate have come across various types of modus operandy which adopted by the evaders of central excise duty and service tax. For example, some of the Central Excise assesseees have been claiming CENVAT credit on the basis of bogus invoices which have been purchased by them from various firms/registered dealers without actually receiving the corresponding goods /raw materials. The Directorate has booked certain cases where the manufacturers of Iron & Steel products have been clandestinely removing their dutiable finished goods without payment of duty and thus evaded substantial amount of central excise duty. It has also been noticed that certain manufacturers of plastic products are claiming substantial amount of CENVAT credit on the inputs which are generally not finding use in the manufacture of their finished products and thus wrongly claiming CENVAT credit for payment of central excise duty on their finished products.

It has also been detected that where certain big manufactures of pharmaceutical products have been making payments in Foreign Exchange abroad for availing various types of services for promotion of their products abroad. However, in violation of Service Tax provision, they have not paid Service Tax as provided under the provision of Service Tax rules as provided under Reverse Charge Mechanism.

*[DGCEI Ahmedabad Press Note dated 4<sup>th</sup> January 2013]*

pee-denominated debt by \$7.1 billion since the end of 2011, latest regulator data show. The holdings touched a record \$33.3 billion on Jan. 3. Overseas purchases of the nation's stocks last year were the most among 10 developing-Asian markets tracked by Bloomberg, excluding China. Indian equities saw a withdrawal of \$512 million in 2011.

## Exchange Rates for Customs Valuation

### Rupee Rises to Rs. 54.85 for Customs Valuation on Imports w.e.f. 4 January 2013

01-Cus(NT) In exercise of the powers conferred by section 14 of the 03.01.2013 Customs Act, 1962 (52 of 1962), and in supersession of (DoR) the notification of the Government of India in the Ministry of Finance (Department of Revenue) No. 111/ 2012-CUSTOMS (N.T.), dated the 20<sup>th</sup> December, 2012 vide number S.O. 2966(E), dated the 20<sup>th</sup> December, 2012, except as respects things done or omitted to be done before such super session, 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 4<sup>th</sup> January, 2013** 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		Exported Goods	
	Current	Previous	Current	Previous
<b>Schedule I – Rate of exchange of one unit of foreign currency equivalent to Indian rupees</b>				
1. Australian Dollar	57.70	58.35	56.15	56.90
2. Bahrain Dinar	148.40	149.65	140.05	141.25
3. Canadian Dollar	55.80	56.25	54.40	54.85
4. Danish Kroner	9.85	9.90	9.55	9.60
5. EURO	73.05	73.55	71.25	71.70
6. Hong Kong Dollar	7.10	7.15	6.95	7.00
7. Kenya Shilling	65.25	65.75	61.25	61.85
8. Kuwait Dinar	199.25	200.90	187.40	188.95
9. Newzeland Dollar	46.20	46.60	44.85	45.35
10. Norwegian Kroner	10.00	9.95	9.70	9.65
11. Pound Sterling	89.95	90.25	87.80	88.15
12. Singapore Dollar	45.15	45.50	44.00	44.45
13. South African Rand	6.65	6.70	6.25	6.30
14. Saudi Arabian Riyal	14.90	15.05	14.10	14.20
15. Swedish Kroner	8.55	8.45	8.30	8.20
16. Swiss Franc	60.60	60.95	59.05	59.35
17. UAE Dirham	15.25	15.35	14.40	14.50
18. US Dollar	54.85	55.30	53.85	54.30

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

1. Japanese Yen	63.15	65.90	61.45	64.15
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[F.No.468/01/2013-Cus.V]

and strategic reserves, according to the Food Corp. of India. The government bought 38.1 million tons of wheat from farmers in 2012-2013.

### Malaysia Exports Rebounded in November on Electronics, Petroleum

Malaysia's exports rebounded at a stronger pace than economists estimated in November as shipments of electronics and petroleum products increased.

Overseas shipments gained 3.3 percent from a year earlier after declining 3.2 percent in October, the Trade Ministry said in a statement on 8 January.

The World Bank last month raised its outlook for emerging East Asia nations, citing China's recovery, even as the export-dependent region faces risks from Europe's protracted sovereign debt crisis. Malaysia's economic growth has exceeded 5 percent in the five quarters through September, underscoring the central bank's decision to keep interest rates unchanged since July 2011.

"There is an expectation of a marginal pick-up in global trade," Suhaimi Ilias, an economist at Maybank Investment Bank in Kuala Lumpur, said before the report. "For the whole of 2013, Malaysia's exports will slightly

The cost of insuring using five-year credit-default swaps the debt of government-controlled State Bank of India (SBI), considered a proxy for the sovereign by some investors, slid 200 basis points to 195 since the end of 2011, according to data provider CMA, which is owned by McGraw-Hill Cos. and compiles prices quoted by dealers in privately negotiated markets. The contracts pay the buyer face value in exchange for the underlying securities or the cash equivalent should a borrower fail to adhere to its debt agreements.

#### 'Cannot Ignore'

The shortfall in India's current account, the broadest measure of trade, widened to \$22.3 billion in the three months through Sept. 30, government data showed Dec. 31. Indian exports fell for the seventh straight month in November, the longest stretch of declines since the 2009 global recession, as Europe's debt crisis curbs overseas sales.

The current-account deficit will be funded by capital inflows, according to Barclays, which expects purchases of Indian assets to increase after U.S. lawmakers averted more than \$600 billion of tax increases and spending cuts that were to take effect this year. One-year implied volatility, a gauge of expected moves in exchange rates used to price options, fell to 15 basis points to 9.55 percent today.

### Cold Weather to Boost India Wheat to Record for Seventh Year

Wheat output in India, the world's second-biggest producer, may reach a record for a seventh year as cold weather boosts yield prospects and record domestic prices spur planting, potentially boosting exports. Futures in India fell for a seventh day.

Better soil moisture and below-average temperatures in the main growing states of Punjab and Haryana in the past three weeks have been beneficial for the crop, said director at the state-owned Directorate of Wheat Research. The harvest starting from April may climb from an all-time high of 93.9 million metric tons in 2011-2012, she said.

A bigger harvest may force the government to pare stockpiles through exports and vacate warehouses for the new crop, pressuring futures in Chicago which fell to a six-month low last week. Rising supplies from India may help partly make up for the potential crop losses from the U.S. to Argentina and Australia to dry weather and cap global food costs tracked by the United Nations' Food & Agriculture Organization.

India may find it easier to export after drought reduced wheat output in Australia and Argentina, while Russia and China were set for smaller crops, Hudani said. The country may ship more than 5 million tons in the year from April, he said. Exports have surged to 5.2 million tons, including 1.23 million tons from state stockpiles, since a ban on sales was scrapped in September 2011, according to data from India's food ministry.

Global production may drop 5.9 percent to 655.11 million tons in the year ending May 31, according to the U.S. Department of Agriculture. Inventories are declining for a third year and seen at the lowest level relative to consumption since 2008, when wheat prices surged to a record \$13.495 a bushel. Futures advanced 19 percent to \$7.78 in 2012 on the Chicago Board of Trade, having risen as high as \$9.4725 in July.

Prices in India jumped 29 percent last year after exports rose and the government increased the minimum price paid to farmers to a record. The contract for delivery in February fell as much as 0.6 percent to 1,494 rupees (\$27) per 100 kilograms on the National Commodity & Derivatives Exchange Ltd. in Mumbai today. The contract for delivery in March fell as much as 0.3 percent to \$7.4825 a bushel in Chicago.

#### Crop Development

Farmers planted wheat in 28.6 million hectares (70.7 million acres) as of Jan. 4 compared with 28.2 million hectares a year earlier, according to the farm ministry. Weather is set to remain favourable for crop development in the coming weeks, said Director General of the India Meteorological Department.

The crop is in good conditions in the main producing states of Punjab, Haryana and western parts of Uttar Pradesh, according to the Wheat Directorate. The climate during the grain formation stage from the second half of February will be key to boosting yields, she said.

State inventories of wheat totalled 34.4 million tons as of Jan. 1, more than the minimum 11.2 million tons required to be held for emergencies

improve from last year.”

Imports climbed 4.3 percent in November from a year earlier, after gaining 5.7 percent the previous month, today's report showed. The trade surplus narrowed to 9.3 billion ringgit

(\$3.1 billion) from 9.6 billion ringgit in October.

The government expects trade to grow 5 percent this year, Bernama news service said this week, citing International Trade and Industry Minister Mustapa Mohamed.

Bank said in a report. Ore with 62 percent content delivered to Tianjin rose to \$158.50 a dry ton 8 January, the highest since October 2011, according to data from The Steel Index Ltd. A drop from \$170 to \$120 implies a 29 percent fall, more than the 20 percent that typically defines a bear market.

## Iron Ore Seen Set for Bear Market After Restocking Rally Fades

Iron ore, which posted the biggest quarterly gain on record in the final three months of 2012, may extend gains from a 14-month high as Chinese mills restock, then tumble into a bear

market, according to Deutsche Bank AG.

Prices may gain to \$170 a ton in the first half on demand in the biggest buyer, before falling to less than \$120 as supply expands, Deutsche

The steelmaking raw material rallied 39 percent in the three months through December, the biggest gain since at least 2009, as demand in China rebounded on optimism the world's second-largest economy is recovering. Gross domestic product is poised to expand 8.1 percent this year, from 7.7 percent in 2012. Baoshan Iron & Steel Co. (600019), China's largest steelmaker, said on Jan. 7 that it will raise product prices.

Baoshan Iron & Steel said on Jan. 7 that it will raise hot-rolled product prices by 160 yuan per ton for February delivery. Jiangsu Shagang Co. raised its rebar prices Jan. 1, according to Shenyin Wanguo Futures Co. Further increases in Chinese steel prices are needed to sustain iron ore above \$150 a ton, Commonwealth Bank of Australia said on 8 January.

Iron ore is measured in dry tons, or metric tons less moisture. At Tianjin port moisture can account for 8 percent to 10 percent of the ore's weight.

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## Gold Little Changed After Rising Most in a Week on China Demand

Gold was little changed after climbing the most in a week on 7 January amid signs of increased demand in China before the Lunar New Year.

Spot gold was at \$1,658.75 an ounce in Singapore, from \$1,659.25 on 7 January, when the metal snapped a three-day losing run. Cash gold rose 0.8 percent, the most since Jan. 2, as data showed imports by China from Hong Kong climbed to a seven-month high in November. Volumes for cash bullion of 99.99 percent purity on the Shanghai Gold Exchange were almost double the daily average in 2012.

In China, demand typically picks up before Christmas and lasts through the Lunar New Year in February. China's net imports of gold, excluding flows from the mainland to Hong Kong, were 61,786.6 kilograms in November, data from the Census and Statistics Department of the Hong Kong government showed on 7 January. China, set to overtake India as the world's largest consumer, doesn't publish such data.

## China Gold

The increase in gold imports comes as output in China, the world's largest producer, surged to 43.7 tons in November. That's a monthly record, according to GF Futures Co.'s analyst Feng Liang. Gold for February delivery slipped 0.2 percent to \$1,658.40 an ounce on the Comex. Futures climbed 1 percent on 7 January, the most since Dec. 31.