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Trade Protests – Choice of When to File Bill of Entry should be Left to Importer



Comments

If Bill of Entry is filed late, goods will incur demurrage after expiry of free period. In addition, there is detention fee, interest on late payment of

duty and interest and depreciation of the goods in storage. In sum, there are enough regulations and financial checks to keep the goods moving.

There can be several grounds for “late” filing of Bill of Entry including those of force majeure like illness, accident or breakdown of transport services.

What if the Bill of Entry is not filed “before the end of the next day” of entry of the vessel in the port. There is no provision for such cases, regulation of the delay through relaxation of law should be permitted.

Last, the provision regarding filing of Bill of Entry prior to arrival of vessel has been dropped. This was a useful provision to get the procedural clearance done during the shipping period between dates of export on the foreign land to date of import.

Very often, the importer may not even know that the vessel carrying his goods has arrived. The detail of the goods may not be known or he may want to examine the container to see for himself the actual state of the goods before committing himself to the customs in the form of Bill of Entry. Forcing him to file the BoE on the day vessels enters is not fair. Customs should wait for the actual event of landing of goods in customs or custodian warehouses before forcing the importer to file BoE.

The reduction in time period for payment of duty from two days to one day will increase transaction cost. Interest must be calculated and paid for practically every import, this tantamount to imposition of duty through the back door without sanction of Parliament.

Last, the concept of “beneficial owner” has been introduced in the Act for the first time. In this, customs will try to bring out the “real” owner behind the importer on record. The owner will be included in the importer category so as to make him liable to fine, penalty and other consequences of wrongful imports. This is yet another case of over reach. Customs should confine themselves to collection of duty from the goods and limit their claims only to the

value limit of goods. Anything beyond that only adds to compliance burden and hinders ease of doing business.

The proposed changes will be effective only after passage through Parliament in March or April. Till then may remain only proposals before Lok Sabha.

The relevant Sections of the earlier proposed sections of the law are given below.

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Budget Proposals of Amendment in Customs Act, 1962

Clearance of imported goods – Amendments Proposed by Finance Bill 2017

	Comments
SECTION 46. Entry of goods on importation- ***	
“(3) The importer shall present the bill of entry under sub-section (1) before the end of the next day following the day (excluding holidays) on which the aircraft or vessel or vehicle carrying the goods arrives at a customs station at which such goods are to be cleared for home consumption or warehousing: Provided that a bill of entry may be presented within thirty days of the expected arrival of the aircraft or vessel or vehicle by which the goods have been shipped for importation into India: Provided further that where the bill of entry is not presented within the time so specified and the proper officer is satisfied that there was no sufficient cause for such delay, the importer shall pay such charges for late presentation of the bill of entry as may be prescribed.”	Sub-section (3) of Section 46 Substituted
(3) – A bill of entry under sub-section (1) may be presented at any time after the delivery of the import manifest or import report as the case may be : Provided that the Commissioner of Customs may in any special circumstances permit a bill of entry to be presented before the delivery of such report : Provided further that a bill of entry may be presented even before the delivery of such manifest if the vessel or the aircraft by which the goods have been shipped for importation into India is expected to arrive within thirty days from the date of such presentation.	

SECTION 47. Clearance of goods for home consumption

(2) “The importer shall pay the import duty— (a) on the date of presentation of the bill of entry in the case of self-assessment; or (b) within one day (excluding holidays) from the date on which the bill of entry is returned to him by the proper officer for payment of duty in the case of assessment, reassessment or provisional assessment; or (c) in the case of deferred payment under the proviso to sub-section (1), from such due date as may be specified by rules made in this behalf, and if he fails to pay the duty within the time so specified, he shall pay interest on the duty not paid or short-paid till the date of its payment, at such rate, not less than ten per cent. but not exceeding thirty-six per cent. per annum, as may be fixed by the Central Government, by notification in the Official Gazette.” Where the importer fails to pay the import duty under sub-section (1) within five days excluding holidays from the date on which the bill of entry is returned to him for payment of duty, he shall pay interest at such rate, not below ten percent and not exceeding thirty six percent. per annum, as is for the time being fixed by the Central Government, by notification in the Official Gazette, on such duty till the date of payment of the said duty:	Sub-section (2) of Section 47 Substituted
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SECTION 27. Claim for refund of duty. -

(1) Any person claiming refund of any duty or interest,-

- (a) paid by him; or
- (b) borne by him,

“(g) the duty paid in excess by the importer before an order permitting clearance of goods for home consumption is made where- (i) such excess payment of duty is evident from the bill of entry in the case of self-assessed bill of entry; or

(ii) the duty actually payable is reflected in the reassessed bill of entry in the case of reassessment.”.

Section 27, in sub-section (2), in the first proviso, after clause (f), the following clause shall be inserted

Section 2 of Customs Act, 1962. Definitions. - In this Act, unless the context otherwise requires.

**

	Comments
(3A) “beneficial owner” means any person on whose behalf the goods are being imported or exported or who exercises effective control over the goods being imported or exported;	New Sub-section
(13) “customs station” means any customs port, customs airport, international courier terminal, foreign post office , or land customs station;	The words in bold letters inserted
(16) “entry” in relation to goods means an entry made in a bill of entry, shipping bill or bill of export and includes in the case of goods imported or to be exported by post, the entry referred to in section 82 or the entry made under the regulations made under section 84;	The words in strike-through omitted
(20) “exporter”, in relation to any goods at any time between their entry for export and the time when they are exported, includes any owner, beneficial owner or any person holding himself out to be the exporter;	The words in bold letters inserted
(20A) “foreign post office” means any post office appointed under clause (e) of sub-section (1) of section 7 to be a foreign post office;	New Sub-section
(26) “importer”, in relation to any goods at any time between their importation and the time when they are cleared for home consumption, includes any owner, beneficial owner or any person holding himself out to be the importer;	The words in bold letters inserted
(28A) “international courier terminal” means any place appointed under clause (f) of sub-section (1) of section 7 to be an international courier terminal;	New Sub-section
(30B) “passenger name record information” means the records prepared by an operator of any aircraft or vessel or vehicle or his authorised agent for each journey booked by or on behalf of any passenger;	New Sub-section

LDC Group Calls for Caps on Agri Subsidies at WTO

4 India/China Subsidies and US under Attack

WTO members must agree to cuts and new ceilings for trade-distorting farm subsidies, says a proposal from a group of dozens of the world's poorest countries at the global trade body.

The submission from the group of Least Developed Countries (LDCs) was tabled by Benin on 13 January, but has not yet been discussed by negotiators. It identifies “urgent” actions to be taken ahead of the WTO’s ministerial conference in Buenos Aires this December, as well as a separate set of measures which the group believes need to be tackled in the longer term.

The proposal follows a number of submissions from other countries and groups that were tabled at the WTO in November.

Trade-distorting support in agriculture continues to create unfair competition for LDC producers, the proposal says, noting that “the bulk of LDC farmers are small-scale or semi-subsistence farmers.” It also argues that the farm sector is “crucial” for export revenues, rural livelihoods, poverty reduction, and food security. Subsidies distortions limit the market access of LDCs to the global market, it is claimed.

The LDC group is made up of 48 countries recognised as least developed by the United Nations, of which three dozen are WTO members, with another eight negotiating to join the organisation.

World leaders have said they will take steps to tackle trade restrictions and distortions in agricultural markets so that they can achieve the 2030 goal of ending hunger and achieving food security worldwide. This objective

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Dear Reader:

The Weekly Index of Changes with World Trade Scanner Issue No. 46 is a combined issue, i.e., Issue No. 45 and 46 dated 01 to 14 February 2017. – Editor

Official Clarification

Bill of Entry Must be Filed within a Day of Inward Entry of Vessel or Cargo Arrival Report of Container in ICD

4 Duty to be Paid on Assessment Day

4 No Undue Enrichment for Excess Customs Duty Paid



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D.O.F. No. 450/10/2017-CusIV

3rd February 2017

Dear Chief Commissioner,

As you are aware, Finance Minister has presented the Union Budget and introduced the Finance Bill, 2017 in the Parliament on 01.02.17. Apart from the duty rate changes, there are many proposals concerning legislative changes in the Customs Act. These changes are a part of the said Finance Bill and would come into effect only upon enactment unless specified otherwise.

2. Out of the said legislative proposals concerning changes in the provisions of the Customs Act, I want to specifically bring to your attention the proposals relating to the amendment in Section 46, 47 and 27 of the Customs Act. The summary of the changes in these sections is:

a. Sub-section (3) of section 46 is being substituted so as to make it mandatory to file a Bill of Entry before the end of the next day following the day (excluding holidays) on which the vessel or aircraft or vehicle carrying the goods arrives at a customs station at which such goods are to be cleared for home consumption or warehousing and to provide for imposition of such charges for late presentation of the bill of entry as may be prescribed.

b. Sub-section (2) of Section 47 is being amended so as to provide the manner of payment of duty and interest thereon in the case of self-assessed Bill of Entry or as the case may be assessed, re-assessed, provisionally assessed bills of entry.

c. Sub-section (2) of section 27 is being amended so as to keep the refund of duty paid in excess by the importer before an order permitting clearance of goods for home consumption is made, outside the scope of principle of unjust enrichment where-

i. such excess payment is evident from the bill of entry in the case of self-assessed bill of entry or

ii. the duty actually payable is reflected in the reassessed bill of entry in the case of

reassessment.

3. I am sure by now you must have gone through all the provisions of the Finance Bill, 2017 very carefully and realised the significance of these changes.

4. These proposals are of far reaching impact and would take the force of law immediately upon the enactment of the Finance Bill. Given the fact that the legislative process affords us sometime before the Parliament enacts the Bill, therefore, it is opportune that the time available is used to understand the provisions, make an outreach to the various stakeholders and also undertake systemic changes wherever needed so that the provisions are implemented smoothly on their due date.

5. In order to have better grasp, I would like to share the intention of the Government driving these proposals.

a. Government has been concerned about the dwell time in clearance of the imported goods. There are various factors for this. One of the reasons is that the provision of advance/prior filing of bill of entry is not being fully utilised. Similarly, even after arrival of goods, statistics have revealed that the bill of entry is not being filed expeditiously. The amendment in section 46 is to address these issues. The change in section 46 is to make it mandatory to file the bill of entry by the end of the next day on which the goods arrive at any customs station at which they are to be cleared. In other words, if the clearance is to take place at the gateway port, the time period for filing bill of entry would start from the date of entry inwards and in case the clearance for home consumption is at a hinterland ICD, the time period would start from the day the goods arrived at the ICD.

This is other than the facility of advance/prior filing of bill of Entry which is separately provided. Board also intends to prescribe through regulations a late charge for delayed filing. Hitherto entry inwards in ICES 1.5 was used for checking the rate of duty applicable for advance bills of entry.

By virtue of the proposed changes in the Section 46, the entry inward has become important because default in compliance with the new provision would result in late charge. While entry inward is there in sea ports and airports, in ICDs cargo arrival report (CAR message) is available to record the time of arrival of cargo. However, the cargo arrival report is not operational in all ICDs. It is imperative to make it operational before the ascent of Finance Bill.

b. Changes have been proposed in sub-section (2) of Section 47. These changes concern payment of duty and attendant interest liability in the case of delays. The existing provision is that a time period of two days is given to an importer to pay customs duty from the time of return of bill of entry. The implication of this change is that the importer shall have to make payment of duty in the same day as in the case of self-assessed bill of entry and in case of re-assessment or provisional assessment the importer has one day after the bill of entry is returned.

c. I am mentioning the changes in Section 27 in the end for the reason that the changes in this are consequent to the change in Section 47. The intention behind this change is to allow a simplified regime of refund of customs duty paid in excess in specified cases by providing that such refunds shall be outside the scope of unjust enrichment.

6. All the three proposals which I have discussed above even though procedural, are however, substantive in nature with a definite financial impact should there be non-compliance. It is therefore critical for the smooth implementation of these provisions that the said legislative changes are understood correctly and the trade and industry/ other stakeholders is also made familiar as early as possible.

7. We have a time of almost six weeks before the bill is enacted. I would, therefore, request the Chief Commissioners/ Commissioners to ensure connectivity with Custodians for the purposes of cargo arrival information and carry out an outreach programme so as to make the stakeholders aware of the budgetary changes. Difficulties or challenges, if any with regard to implementation may be reported immediately to the CBEC.

With Best Wishes

Your sincerely,
(Ananya Ray)

All Chief Commissioners of Customs,
All Chief Commissioners of Central Excise
(for integrated zones)

Polyester Staple Fibre from China, Indonesia, Malaysia and Thai in Dumping Investigation Net on Complaint of Indo Rama, Bombay Dyeing and Alok Industry

4 Reliance Hand behind Complaint?

4 Constructed Values used to Arrive at Stiff Dumping Margin even for Market Economy Countries of ASEAN



[Anti-dumping Initiation Notification F.No.14/49/2016-DGAD dated 2nd February 2017]

Subject: Initiation of Anti-Dumping Investigation concerning imports of Polyester Staple Fibre from China PR, Indonesia, Malaysia and Thailand.

Whereas, M/s Alok Industry Ltd., M/s Indo Rama Synthetics (India) Ltd. and M/s The Bombay Dyeing & Mfg. Co. Ltd., have filed an application before the Designated Authority for imposition of Anti-dumping duty on imports of "Non-dyed Polyester Staple Fibre (PSF) ranging from 0.6 to 6 Deniers (excluding recycled PSF and specialty fibres namely, Cationic Dyeable, Fire/Flame Retardant, Low Melt and Bi-component Fibres)" from China PR, Indonesia, Malaysia and Thailand.

Product allegedly being dumped and like Article

The petitioners have alleged imports of "Non-dyed Polyester Staple Fibre (PSF) ranging from 0.6 to 6 Deniers (excluding recycled PSF and specialty fibres namely, Cationic Dyeable, Fire/Flame Retardant, Low Melt and Bi-component Fibres)" from the countries named above are entering the Indian market at dumped prices and such imports are causing injury to the like product domestic industry.

The above products are manufactured in various specifications defined in terms of their deniers, strength, lustres (like semi dull, bright, semibright, full dull etc.), colour, cross section and cut length or staple length. The subject goods are predominantly used to spin yarn of 100% PSF or in blends with natural, artificial and/or synthetic staple fibres for manufacture of textiles, sewing thread, other industrial textiles, non-woven applications, etc.

The applicants have further submitted that the applicants produce the above goods in India and there is no known difference between the subject goods exported from subject countries and that produced by the petitioners. The goods are comparable in terms of essential product characteristics such as physical & chemical characteristics, manufacturing process & technology, functions & uses, product specifications. Consumers use the domestic and imported goods interchangeably. The products are technically and commercially substitutable and therefore, 'like article' as per the meaning of the term under the Rules

Domestic Industry & Standing

The Application has been jointly filed by M/s Alok Industry Ltd., M/s Indo Rama Synthetics (India) Ltd. and M/s The Bombay Dyeing & Mfg. Co. Ltd., accounting for about 43% of total domestic production of the subject goods. Apart from the aforesaid producers there is one more producer of the subject goods in India, namely M/s Reliance Industries Ltd. (RIL), which accounts for the remaining 57% of total domestic production. It has been brought to the notice of the Authority that Reliance Industries Limited has a related producer in Malaysia, namely M/s Recron Malaysia Sdn Bhd., who is an exporter of the subject goods and has exported the subject goods to India during the proposed period of investigation. Therefore, RIL is not qualified to be included within the scope

of the 'domestic industry' as defined in Rule 2(b) of the Rules.

In view of the above information and the Rule position, the Authority prima facie holds that RIL is not eligible to be considered as a part of the eligible domestic industry in terms of Rule 2(b) of the Rules. Therefore, the applicants, commanding 100% of the total production of the eligible domestic production, constitute the domestic industry within the meaning of the term as defined in Rule 2(b) for the purpose of injury investigation. They also account for a major proportion of the domestic production of the subject goods and therefore, command the standing to file the application in terms of Rule 5(3) of the Rules. Therefore, the application is deemed to have been made by and on behalf of the domestic industry.

Evidence of Dumping

The petitioners have submitted that in the absence of availability of reliable information in the public domain on domestic prices of the subject goods in the subject countries the Normal values in the subject countries have been estimated on the basis of cost of production, taking into account prevailing prices of raw materials and utilities in those countries, conversion costs of the most efficient domestic industry, and duly adjusted selling, general & administration expenses, plus a reasonable profit.

Net ex-works export prices of the subject goods exported from the subject countries have been estimated on the basis of import data obtained from International Business Information Services (IBIS) for the proposed period of investigation after due adjustments toward ocean freight and marine insurance; port expenses, inland freight, commission and bank charges; and VAT adjustments, wherever applicable on facts available basis.

The above estimation of the Normal Values and Export Prices indicates that there is sufficient prima facie evidence that the subject goods are being exported from the subject countries to India at significantly dumped prices and the dumping margins are above de-minimis.

Evidence of Injury and Causal Link

The applicants have claimed that they have suffered material injury because of cumulative volume and price impacts of the dumped imports from the subject countries. Information provided by the petitioners indicates that there has been significant rise in the volume of dumped imports during the period under examination and in spite of moderate growth in demand and availability of capacity in the country, the production and capacity utilization of the domestic industry has remained low. The price realization also continues to be significantly below the cost of sales, apparently because of the volume and price effects of dumped imports leading to significant financial losses, in spite of improvement in productivity and

Provisional Anti-dumping Duty on HR Flat Coils and Sheets Extended by Another Two Months, that is, till 8 April 2017

[Customs Notification No. 05 (ADD) dated 7th February 2017]

Amendments in the notification of the Government of India in the Ministry of Finance (Department of Revenue), No. 44/2016-Customs (ADD), dated the 8th August, 2016, namely :-

In the said notification, in para 2, for the words "six months", the words "eight months" shall be substituted.

[F.No. 354/119/2016-TRU]

Anti-dumping Duty on CR Flat Products from China, Japan Plus Two Extended for Another Two Months, that is, till 16 April 2017

[Customs Notification No. 06 dated 7th February 2017]

Amendments in the notification of the Government of India in the Ministry of Finance (Department of Revenue), No. 45/2016-Customs (ADD), dated the 17th August, 2016, namely :-

In the said notification, in para 2, for the words "six months", the words "eight months" shall be substituted.

[F.No. 354/128/2016-TRU]

sales. Therefore, prima facie it appears that the applicant domestic industry is suffering material injury in terms of negative profits and negative return on investments due to the volume and price effects of the dumped imports from the subject countries.

Product under investigation

The product under consideration (hereinafter also referred to as 'subject goods) in this investigation is defined as follows:

"Non-dyed Polyester Staple Fibre (PSF) ranging from 0.6 to 6 Deniers (excluding recycled PSF and specialty fibres namely, Cationic Dyeable, Fire/Flame Retardant, Low Melt and Bi-component Fibres)".

Non-dyed Polyester Staple Fibre (PSF) is manufactured in various specifications defined in terms of their deniers, strength/tenacity, lustres (like semi dull, bright, semi bright, full dull etc.), colour, cross section and cut length or staple lengths. The investigation shall cover all such product types, except the exclusive exclusions indicated above.

The subject goods are classified under chapter 55032000 - "Man Made Staple Fibres of Synthetic Staple Fibres, Not Carded, Combed or Otherwise Processed for Spinning of Polyesters". The custom classification above is indicative only and in no way binding on the scope of the product under consideration in this investigation.

Period of Investigation (POI)

The period of investigation for the purpose of this investigation shall be from 1st April 2015 to 30th September, 2016 (18 months). However, the injury investigation period will cover the data of previous three years, i.e. April 2012 to March 2013, April 2013 to March 2014, April 2014 to March 2015, and POI.

[Full text available at worldtradescanner.com]

Amendments to Shopping List for Advance Authorisation Allowed thru "Nexus Certificate" of Chartered Engineer

4 Addition of Fresh Export Products in EPCG License also Allowed thru "Nexus Certificate" of Chartered Engineer

[DGFT Public Notice No. 56 dated 6th February 2017]

Effect of this Public Notice: A new sub para further specifying the provision for amendment of import/export items under EPCG Scheme is being added. Documents to be submitted in case of third party exports are being further clarified.

Subject: Addition of new sub para 5.03(c)(i) and (ii) and amendment in sub para 5.10(d)(ii) of Handbook of Procedures 2015-20.

In exercise of powers conferred under Paragraph 2.04 of the Foreign Trade Policy 2015-20, the Director General of Foreign Trade makes the following amendments in para 5.03 and sub para 5.10(d)(ii) of the Handbook of Procedures, 2015-20 with immediate effect. (changes made are in bold letters)

2. New sub para 5.03(c) is being added after sub para 5.03(b) as under:

"5.03(c)(i) An application for amendment in the list of import item(s) including addition(s)/deletion(s), if any, may be filed with RA concerned provided the authorisation is valid for import. The applicant would give justification for seeking such amendment(s) along with fresh nexus certificate from an independent Chartered Engineer.

(ii) An application for amendment in the list of export item(s) including addition(s)/deletion(s) if any, may be filed with RA concerned provided

the Export Obligation period of the authorisation is valid and the CG has nexus with original export product. The applicant would give justification for seeking such amendment(s) along with fresh nexus certificate from an independent Chartered Engineer."

3. The amended sub para 5.10(d)(ii) shall read as under:

Para 5.10(d)(ii): Proof of having despatched the goods from authorization holder's factory/premises to the ultimate exporter/port of export viz. (a) ARE-1 Certificate issued by Central Excise with due authentication by the Customs verifying the exports along with the shipping bill number, date and EPCG authorization number or (b) Invoice duly incorporating the relevant EPCG authorization number & date at the time of dispatch in case the unit is not registered with Central Excise.

RBI Prohibits Indian from Direct Investment in Non Cooperative Countries Identified by FATF

4 Investors must be Allowed to take their Non Risks in Third World Countries [RBI Circular No. 28 dated 25th January 2017]

Sub: Prohibition on Indian Party from making direct investment in countries identified by the Financial Action Task Force (FATF) as "Non Co-operative countries and territories"

Attention of the Authorised Dealer Category - I (AD - Category I) banks is invited to Regulation 6 of FEMA Notification No. FEMA/120/RB-2004 dated July 07, 2004, as amended from time to time.

2. At present, there is no restriction on an Indian Party with regard to the countries, where it can undertake Overseas Direct Investment. In order to align, the instructions with the objectives of FATF, on a review, it has been decided to prohibit an Indian Party from making direct investment in an overseas entity (set up or acquired abroad directly as JV/ WOS or indirectly as step down subsidiary) located in the countries identified by the FATF as "non co-operative countries

High-risk and non-cooperative jurisdictions:

- 4 Afghanistan
- 4 Bosnia and Herzegovina
- 4 Democratic People's Republic of Korea (DPRK)
- 4 Iran
- 4 Iraq
- 4 Lao People's Democratic Republic
- 4 Syria
- 4 Uganda
- 4 Vanuatu
- 4 Yemen

and territories" as per list available on FATF website www.fatf-gafi.org or as notified by the Reserve Bank of India from time to time.

3. Necessary amendments to the Notifica-

tion ibid have been notified vide Notification No. FEMA 382/2016-RB dated January 02, 2017 c.f. G.S.R. No. 01(E) dated January 02, 2017.

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

5. Master Direction No. 15/ 2015-16 dated January 01, 2016 is being updated to reflect the changes.

6. The directions contained in this circular have been issued under section 10(4) and 11(1) of the For-

Foreign Exchange Management Act (FEMA), 1999 (42 of 1999) and are without prejudice to permissions/approvals, if any, required under any other law.

NRI's can Access the Exchange Traded Currency Derivatives (ETCD) Market to Currency Hedge under FEMA

[RBI Circular No. 30 dated 2nd February 2017]

Sub: Risk Management and Inter-bank Dealings: Permitting Non Resident Indians (NRIs) access to Exchange Traded Currency Derivatives (ETCD) market

Attention of Authorised Dealers Category - I (AD Category - I) banks is invited to the Foreign Exchange Management (Foreign Exchange Derivative Contracts) Regulations, 2000 dated May 3, 2000 (Notification No. FEMA. 25/RB-2000 dated May 3, 2000) issued under clause (h) of sub-section (2) of Section 47 of FEMA, 1999 (Act 42 of 1999), as amended from time to time and Master Direction on Risk Management and Inter-Bank Dealings dated July 5, 2016, as amended from time to time.

2. Currently NRIs are permitted to hedge their Rupee currency risk through OTC transactions with AD banks. With a view to enable additional hedging products for NRIs to hedge their investments in India, it has been decided to allow them access to the exchange traded currency derivatives market to hedge the currency risk arising out of their investments in India under FEMA, 1999. An announcement to this effect was made in the Monetary Policy Statement on April 5, 2016.

3. NRIs may access the ETCD market as per the following terms and conditions:

i. NRIs shall designate an AD Cat-I bank for the purpose of monitoring and reporting their combined positions in the OTC and ETCD segments.

ii. NRIs may take positions in the currency futures / exchange traded options market to hedge the currency risk on the market value of their permissible (under FEMA, 1999) Rupee investments in debt and equity and dividend due and balances held in NRE accounts.

iii. The exchange/ clearing corporation will provide details of all transactions of the NRI to the designated bank.

iv. The designated bank will consolidate the positions of the NRI on the exchanges as well as the OTC derivative contracts booked with them and with other AD banks. The designated bank shall monitor the aggregate positions and ensure the existence of underlying Rupee currency risk and bring transgressions, if any, to the notice of RBI / SEBI.

v. The onus of ensuring the existence of the underlying exposure shall rest with the NRI concerned. If the magnitude of exposure through the hedge transactions exceeds the magnitude of underlying exposure, the concerned NRI shall be liable to such penal action as may be taken by Reserve Bank of India under the Foreign Exchange Management Act (FEMA), 1999.

[Full text available at worldtradesanner.com]

RBI Regional Officers to Compound FEMA Offences Delay in Filing Returns Cases

[RBI Circular No. 29 dated 2nd February 2017]

Sub: Foreign Exchange Management Act, 1999 (FEMA) Foreign Exchange (Compounding Proceedings) Rules, 2000 (the Rules) - Compounding of Contraventions under FEMA, 1999

Attention of all the Authorised Dealer Category - I (AD Category - I) banks and their constituents is invited to A.P. (DIR Series) Circular No. 117 and 36 dated April 4, 2014 and October 16, 2014 respectively, and the Foreign Exchange (Compounding Proceedings) Rules, 2000 notified by the Government of India vide G.S.R.No.383

(E) dated 3rd May 2000, as amended from time to time, regarding delegation of powers to the Regional Offices of the Reserve Bank of India to compound the contraventions of FEMA.

2. In partial modification thereof, it has been decided to delegate further powers to Regional Offices as under:

FEMA Regulation	Brief Description of Contravention
Paragraph 9(2) of Schedule I to FEMA 20/2000-RB dated May 3, 2000	Delay in filing the Annual Return on Foreign Liabilities and Assets (FLA return), by all Indian companies which have received Foreign Direct Investment in the previous year(s) including the current year

3. The powers to compound the contraventions at Paragraph 2 above have also been delegated to all Regional Offices (except Kochi and Panaji) without any limit on the amount of contravention.

[Full text available at worldtradescanner.com]

Trump Travel Ban, Before a U.S. Appeals Court, Decision within a Week



Appeals court judges in San Francisco sharply questioned the lawyer defending President Donald Trump's ban on travel from seven predominantly Muslim countries in the Appeals Court.

The hearing was a media event, played out by voices on a conference call that was streamed live. More than 130,000 tuned in via YouTube alone.

The issue at hand was whether a freeze won by two states could continue to block Trump's executive order, issued without warning on Jan. 27 and said by the president to be vital to national security. The questions were about the power of a president to exclude people he considers threats.

August Flentje, representing the Department of Justice, facing harsher questioning than his adversary.

Noah Purcell, the Washington solicitor general representing the states of Washington and Minnesota, said that the ban discriminates on the basis of religion.

Whatever the ruling, it is almost certain to be appealed to the U.S. Supreme Court.

'Better Prepared'

There are three key issues are:

- 4 whether the states have a legal right to attack the administration's immigration orders,
- 4 whether the ban discriminates against Muslims and
- 4 whether the people of Washington and Minnesota have been harmed directly.

The judges posed dozens of questions on Trump's authority to issue the order, and on the government's contention that states have no right to sue over the matter. They also pressed DOJ Council Flentje for evidence the seven countries covered by the ban are particular sources for potential terrorism.

During the arguments, streamed live by the court, the judges were in Phoenix, Honolulu and San Jose, California, and the lawyers dialed in from their offices. The hearing was the top topic under "trending" on YouTube. People listened on CNN, the New York Times website and other platforms. Washington and Minnesota contend Trump's order is unconstitutional and hurts their residents and businesses, and that the president "unleashed chaos" by signing it. Taking their side in friend-of-the-court briefs are more than 120 companies including Apple Inc., Facebook Inc. and Microsoft Corp.

U.S. District Judge James Robart's temporary restraining order halted the ban while the case is being litigated. Whatever the appeals court decides, Robart is moving ahead with the states' request for a long-term injunction, beginning with written arguments next week.

The Trump administration contention is that the Robart decision threatens national security and second-guesses the president, who has wide authority to dictate who is allowed into the U.S. The judge also exceeded his authority by extending his ruling to include the entire country, according to Justice Department lawyers. Robart said voiding the president's order nationwide was needed for consistency.

Theresa May in Washington for Trade Deals with English Speaking World

May's visit to Washington marked US President Donald Trump's first visit from a foreign leader since taking office on 20 January. Along with the potential of providing substantive clues on the future UK-US relationship under these two new leaders, the visit was also looked to as an early test of their broader trade priorities, given the major political shifts being seen on both sides of the Atlantic.

The UK cannot enter into a formal trade agreement with non-EU countries without having left

the European Union first. However, the island nation will be aiming to set the groundwork for a full host of new deals once it is no longer an EU member, according to the prime minister.

Already under consideration are trade agreements with Australia, India, and New Zealand, with various other countries having reportedly expressed interest as well. UK and Australian officials met last week to begin examining what a future bilateral deal could look like.

The UK prime minister is already in the process of navigating the difficult domestic and European context regarding the upcoming negotiations to leave the European Union. So far, this has included fielding domestic legal challenges and dealing with a debate with the heads of the country's "devolved administrations" – Scotland, Northern Ireland, and Wales – over their own regional priorities and concerns.

May confirmed last month that her government aims to take the United Kingdom out of the European Single Market, given that being part of it requires keeping the "four freedoms" of free movement of people, goods, services, and capital. Her government's objective instead will be to negotiate a free trade agreement (FTA) with the remaining 27-member EU bloc, along with a new customs arrangement with the existing EU customs union.

Her government will also need to deal with the response from the remaining 27 EU members, as they work to negotiate a deal that also serves the bloc's interests, while simultaneously building on the outcomes from their ongoing process of "political reflection" regarding the European Union's long-term future.

The Brexit negotiations are expected to be formally launched in March, in line with a previous commitment by the prime minister, with the Times reporting this week that the intended date will be 9 March to coincide with a meeting with EU leaders.

Trump has been a vocal supporter of Brexit, having openly endorsed the idea while he was still a presidential candidate, even before the 23 June referendum which saw a slim majority of UK voters support leaving the EU.

The language of these instructions have not been clear about the fate of another trade initiative, one with potential relevance for a future UK-US deal. Specifically, the Transatlantic Trade and Investment Partnership (TTIP) remains in limbo, after over three years of negotiations.

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is one of the 17 Sustainable Development Goals (SDGs) that were adopted under the United Nations in 2015.

The LDC group says there is an "urgent need" for action on harmful agricultural subsidies before the Buenos Aires ministerial.

The LDCs propose that WTO members agree by the time of the conference to a limit on the sum of all trade-distorting support measures.

Amber Box, Blue Box

This would include highly trade-distorting payments currently classified as "amber box" under WTO rules, alongside similarly distorting support which is allowed under a "de minimis" clause so long as it does not exceed a certain minimal share of the value of production. Finally, the new cap would include support classified as production-limiting "blue box" payments at the WTO, which currently faces no limits under global trade rules.

Recently reported figures from the US government indicate that the country provided US\$14 billion in trade-distorting agricultural domestic support in 2014, the most recent year for which data has been submitted to the WTO. Beijing has said it provided ¥123 billion (US\$18 billion) in equivalent support in 2010, while Tokyo has reported ¥1140 billion (US\$14 billion) in 2012.

India Clocks Highest Production Growth of 7.4% in the World in 2016

4 No. 3 in World Production

4 Artificially High Prices with Import Protection Fuels Growth

World crude steel production reached 1,628.5 million tonnes (Mt) for the year 2016, up by 0.8% compared to 2015. Crude steel production decreased in Europe, the Americas and Africa but rose by 7.4% in India followed by Ukraine and Turkey. China rose by 1.2%. Crude steel production increased in the CIS, the Middle East, Asia and Oceania.

Overall, 2016 is better than 2015 in terms of production but capacity utilization is marginally down. Demand is coming mainly from Asia with

prices under strain.

In December 2016, world crude steel production for the 66 countries reporting to the World Steel Association (worldsteel) was 134 Mt, an increase of 5.5% compared to December 2015. The crude steel capacity utilisation ratio of the 66 countries in December 2016 was 68.1%. This is 2.8 percentage points higher than December 2015. The average capacity utilisation in 2016 was 69.3% compared to 69.7% in 2015.

viewing the potential harm caused to the domestic steel industry.

Meanwhile, an official of China's Ministry of Commerce (MOFCOM) has responded that Beijing had "serious doubts" about the Commission's move, according to comments reporter by Reuters. The official reportedly argued that the new duties would be detrimental to the Asian economy's producers and that such moves could have a chilling effect on trade.

Chinese steel products have been the subject of over a dozen trade remedy measures by the European Union, and Commission officials have said in the past that more could be forthcoming unless policy changes are made.

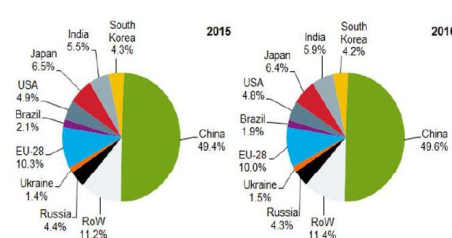
The two sides have repeatedly sparred over the past year over the cause of the global steel overcapacity situation, though they have also pledged to intensify their cooperation in order to find a solution – including through the Global Forum on Steel Excess Capacity launched last December and announced in September during a meeting of G-20 leaders in Hangzhou, China.

China is by far the world's top producer of steel, though it has pledged to progressively cut back in the coming years. According to the World Steel Association, production of crude steel in China reached 808.4 million metric tonnes last year, a 1.2 percent increase from 2015's crude steel production. The Asian economic giant is now producing 49.6 percent of the world's steel.

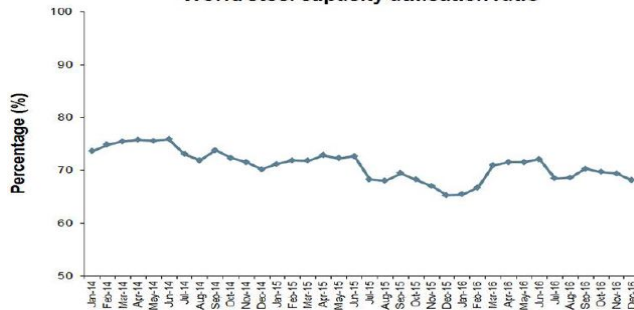
Crude steel production annual growth trend



Share of world crude steel production 2015 & 2016



World steel capacity utilisation ratio



China Steel Faces 30%-65% Anti-dumping Duty in EU

The European Commission announced last week that it is set to levy definitive anti-dumping duties on two types of steel products imported from China and Taiwan.

The EU's executive arm made its announcement in an official notice on 27 January 2017, where it stated that Chinese exports would now face duties ranging from 30.7 percent to 64.9 percent, and Taiwanese exports will face duties ranging from 5.1 percent to 12.1 percent.

The targeted products are used to join stainless

steel pipes and tubes, and are commonly used in various industries as wide-ranging as energy generation and shipbuilding.

The investigation dates back to October 2015, when the European Commission announced the initiation of anti-dumping proceedings following a complaint lodged the previous month by a domestic industry group.

This investigation reviewed the period from October 2014 to September 2015 to determine whether dumping was underway, along with re-

Customs Exchange Rates

[As on 08 Feb 2017]

Currency	Imports	Exports
1 FC = IC		
US Dollar	68.40	66.70
EURO	74.20	71.70
Pound Sterling	87.05	84.20
Australian Dollar	52.50	50.70
Bahrain Dinar	185.50	173.10
Canadian Dollar	52.70	51.10
Danish Kroner	10.00	9.60
Hong Kong Dollar	8.80	8.60
Kuwait Dinar	229.05	214.35
New Zealand Dollar	50.25	48.50
Norwegian Kroner	8.35	8.05
Singapore Dollar	48.60	47.15
South African Rand	5.20	4.85
Saudi Arabian Riyal	18.60	17.45
Swedish Kroner	7.85	7.60
Swiss Franc	69.25	67.05
UAE Dirham	19.00	17.80
Chinese Yuan	10.00	9.65
Qatari Riyal	19.15	18.10

100 FC = IC

Japanese Yen	60.95	58.95
Kenya Shilling	67.25	62.90

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[Ref: 09-Cus (NT) dated 2nd Feb 2017]

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Crude Down to \$54.30

Crude Oil (Indian Basket) from 01 - 07 February 2017

	01 Feb	02 Feb	03 Feb	06 Feb	07 Feb
(\$/bbl)	54.26	55.49	55.82	55.44	54.30
(Rs/bbl)	3670.13	3742.44	3761.56	3725.51	3658.08
(Rs/\$)	67.65	67.45	67.38	67.20	67.37

(Previous Trading Day Price)

Source: Ministry of Petroleum & Natural Gas

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