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## BUDGET NOTES 2011-2012

### Extract from TRU – I Letter

[D.O.F.No. 334/3/2011- TRU dated 28.02.2011]

Dear Chief Commissioner/Commissioner

The Finance Minister has introduced the Finance Bill, 2011 in Lok Sabha today, i.e., 28<sup>th</sup> February, 2011. Changes in Customs and Central excise law and rates of duty have been proposed through the Finance Bill, 2011 (clauses 35 to 58 for customs & clauses 59 to 70 for Central Excise ). In order to prescribe effective rates of duty and to carry out changes in the Rules made under the respective Acts, the following notifications are being issued:

Customs:	Notification Nos.	Date
Tariff	No.13/2011-Customs to No. 27 /2011-Customs	1st March, 2011
Non-Tariff	No.15/2011-Customs(NT) to No.18/2011-Customs (NT)	1st March, 2011
Central Excise		
Tariff	No.1/2011-CE to No.18/ 2011-CE	1st March, 2011
Non-Tariff	No.3/2011-CE (NT) to No.7/2011-CE (NT)	1st March, 2011

Unless otherwise stated, all changes in rates of duty take effect from the midnight of 28<sup>th</sup> February/1st March, 2011. A declaration has been made under the Provisional Collection of Taxes Act, 1931 in respect of clauses 57(a)(i), 57 (b) and 70(a)(i) of the Finance Bill, 2011 so that changes proposed therein take effect from the midnight of 28th February/1st March, 2011. The remaining legislative changes would come into effect only upon the enactment of the Finance Bill, 2010. Retrospective amendments in the provisions of law or notifications issued under the respective Acts shall have the force of law only upon the enactment of the Finance Bill, 2011 but with effect from the date indicated in the relevant clause or Schedule. These dates may be carefully noted.

### CUSTOMS

#### Rate structure

There is no change in the peak rate of basic customs duty of 10%. The existing rates of 2%, 2.5% and 3% are being fused into a single rate of 2.5%. Consequently, all items that hitherto attracted basic customs duty of 2% or 3% would now be chargeable to 2.5%.

#### Aircraft

Full exemption from import duty (basic, CVD and special CVD) was hitherto available to import of aircraft by non-scheduled operators whether for passenger services or chartered services. This exemption was subjected to certain conditions including the condition that the aircraft should be used exclusively for charter or passenger services. The exemption from basic customs duty has been withdrawn on such imports and a basic duty of 2.5% has been imposed.

The exemptions from CVD and special CVD have been retained. The conditions of the exemption have also been amended so as to allow the aircraft to be used interchangeably between passenger and charter services in consonance with the Civil Aviation Requirements.

### Now on Sale

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CUSTOMS TARIFF 2011-2012

As on 01 March 2011

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- Budget 2011 Amendments and Changes
- Jumbo Exemption • CVD of Excise • Education Cess • 4% SAD Refund • Clean Energy Cess • Duty Payment through DEPB/Reward Schemes
- Textiles • Electronics and IT Agreements
- Anti-dumping and Safeguards • IPRs on Imports and Exports • Import Valuation and Classification
- DGFT Import Policy • Plant Quarantine and Sanitary Permits • Labeling and Marking • BIS, Food Laws • Hazardous Wastes
- Second Hand Goods • Customs Procedures
- Baggage • Samples • Project Imports
- Export Tariff and Restrictions • EPCG/ SEZ/EOUs • Free Trade Agreements • Re-exports • Exhibitions

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## Self Assessment

One of the highlights of the provisions of the Finance Bill, 2011 is the introduction of self-assessment in the Customs Act, 1962 both for imported goods and export goods. This would replace the existing legal requirement of assessment of every bill of entry or shipping bill by the Customs Officer. As you are aware, after the implementation of EDI and risk management system, the practice in most customs formations has been to carry out assessment on selected bills of entry based on risk parameters and to allow the balance to be facilitated. While aligning the legal provisions with the current practice, the proposed amendments would move the Customs administration further along the path of trust based compliance management. They would provide a basis for progressive reduction in the levels of Customs interdiction in clearance of import/export cargo leading to significant enhancement in facilitation for compliant trade. This would release resources for more incisive verification and audit of consignments that involve a high degree of risk enabling the department to strike an optimal balance between the concerns of trade facilitation on the one hand and enforcement on the other. For this purpose, the important amendments proposed in the provisions of the Customs Act are as under:

(i) The definition of assessment in section 2 is being amended to include "self-assessment".

(ii) Section 17 which deals with assessment of duty has been recast to provide legal backing for self-assessment by the importer or exporter. It has also been provided that the

customs officer may verify the assessment and have the goods tested or examined for this purpose. An obligation is also being cast on the importer or exporter to furnish any documents or information that may be required for such verification. Where it is found that the self-assessment is not in order, the customs officer is required to reassess the bill of entry and to issue a speaking order for the same unless the importer agrees with the reassessment. Barring cases where a speaking order is issued on reassessment, powers have also been assigned to customs officers to conduct audit either in their own office or at the premises of importer or exporter.

(iii) Consequential amendments are being proposed in section 18 relating to provisional assessment. It is being provided that the importer may make a request for assessment of goods by the officer when he is not in a position to self-assess. The provisions of section 19 are also being amended to prescribe that the finalization of provisional assessment may be carried out by the proper officer. Other consequential amendments include amendments in section 46 and 50 to make the electronic filing of bills of entry/shipping bills the norm. Power is also being conferred on the Commissioner of Customs to permit filing in any other manner when electronic filing is infeasible. Section 157 is being amended to empower the Board to issue regulations for specifying the manner of conducting audit. These provisions would come into effect on the date of enactment of Finance Bill, 2011.

They may be examined carefully and suggestions/comments, if any, in this regard may be sent to the Board.

Exemption from education cess and secondary and higher education cess presently available to aircrafts is being withdrawn.

## IT Software

With effect from 21.12.2010 packaged or canned software falling under chapter 85 has been notified under section 4A of the Central Excise Act. Accordingly, the value of such software for the purposes of charging CVD is required to be determined on the basis of the retail sale price (RSP) affixed on the package under the Standards of Weights and Measures Act, 1976. It has been represented by the trade that in certain situations packaged software is not required to bear the RSP when imported and

difficulties are being experienced in the assessment of such software to CVD. In order to resolve the issue, packaged software which is not required to bear RSP is being exempted from so much of the additional duty of customs as is equivalent to the duty payable on the portion of the value which represents the consideration paid or payable for transfer of the right of its use. Such software would therefore be required to pay CVD only on that portion of value representing the value of the medium on which it is recorded alongwith freight and insurance. The exemption is subject to the fulfillment of certain conditions. A parallel exemption is also being provided from central excise duty in

## Dollar-Rupee rate at NSE Futures

Trade Date	Open Price	High Price	Low Price	Close Price	Daily Settlement Price	Open Interest	No. of Contracts	Value (Rs. lakhs)	RBI Reference rate
8-Mar-11	45.2300	45.2925	45.1550	45.2675	45.2675	780435	2545843	1151117	45.0300
7-Mar-11	45.2600	45.3525	45.2075	45.2425	45.2425	833756	2385856	1080447	45.1300
4-Mar-11	45.1600	45.2250	45.0900	45.1775	45.1775	825708	2291434	1035161	44.9900
3-Mar-11	45.1400	45.2800	45.1100	45.2450	45.2450	844501	2971079	1343360	44.9600
1-Mar-11	45.3950	45.4200	45.1400	45.1600	45.1600	780452	2443215	1106277	45.1200

[Source: NSE and RBI Website]

Dear Reader:

The Weekly Index of Changes with World Trade Scanner Issue No. 50 is a combined issue, i.e., Issue No.49 and 50 dated 02 March 2011 to 15 March, 2011

Arun Goyal, Editor

## STOP PRESS

### Important Errata and Corrigendum of Budget Jumbo Notification 21/2002-Customs dated 01.03.2002 as amended by 21/2011-Customs dated 01.03.2011

Editor's Note

The CBEC has corrected jumbo notification 21/2002-Customs dated 01 March 2002 as issued at Budget time on the Government of India website [indiabudget.nic.in](http://indiabudget.nic.in) by another notification bearing the same number and but in the website [cbec.gov.in](http://cbec.gov.in) issued after the Budget.

The entry under Sl.No. II(iii) in the first version read as below:

(iii) in column(5), for the entry "5%", wherever it occurs, the entry "2.5%" shall be substituted

The revised entry as uploaded in the CBEC website under the same Sl.No. II(iii) read as under:

(iii) in column(5), for the entry "4%", wherever it occurs, the entry "5%" shall be substituted

A corrigendum on 3 March 2011 has also been issued as below to correct two serial number.

The implications of these changes in the jumbo notification 21/2002 as amended by the final version of 21/2011 is given below.

Readers are requested to note the following:

- The basic duty for all entries in the jumbo notification 21/2002-Customs dated 01 March 2002 **which was earlier at 5% will remain at 5% and not at 2.5%** as carried in the jumbo notification in this book pp.13-44 (this will not apply to entries at 2% or 3% which are at 2.5%).
- The CVD of excise in the jumbo notification which was earlier at 4% will now be 5%.
- SNo. 491 will read as 491B and the entry 491A will read as 491C.

The extracts from the jumbo notification 21/2002 as amended by 21/2011 **in the respective chapters** may also be seen accordingly.

For any further help and assistance please call us at (011) 23281314.

Inconvenience to readers is regretted.

Arun Goyal

respect of IT software manufactured domestically.

## Postal Imports

Description of heading 9804 in the First Schedule is being amended to cover all dutiable items intended for personal use, imported by post or air and to prescribe a tariff rate of 35% for tariff items under the heading. However, the effective rate of duty for goods imported for personal use by post or air is being maintained at 10% in

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respect of imports which are exempted from any prohibition under the Foreign Trade (Development and Regulation) Act, 1992 through a notification. This would obviate the need for resorting to merit assessment of goods when they are imported by this mode and the value exceeds the limits prescribed under the FT(D & R) Act. Fourth Schedule of the and clause 57 (a)(i) Finance Bill, 2011 may be seen.

#### Export Duty

The Second Schedule to the Customs Tariff Act is being recast so as to align the entries with the Harmonized System of Nomenclature (HSN) and introduce a new entry for de-oiled rice bran cake. Clause 57(b) read with the Sixth Schedule of the Finance Bill, 2011 may be referred to. The effective rates of export duty on all items other than iron ores lumps, fines and pellets; and de-oiled rice bran cake are being maintained through notification no. 27/2011-Customs dated 1st March, 2011.

The export duty on iron ore lumps and fines has been enhanced from 15% and 5% respectively to a uniform rate of 20%. Full exemption from export duty has been provided to iron ore pellets.

Export duty has been imposed at the rate of 10% on de-oiled rice bran cake with immediate effect.

#### Relief Measures

Exemptions/ concessions have been provided to a number of items with a view to remove anomalies in the duty structure and enable domestic value addition/ production. The details of these changes are available in the relevant notifications as well as the Explanatory Notes. These may kindly be referred to.

Full exemption from import duty is available to works of art imported for exhibition in a public museum or national institution. The scope of this exemption is being expanded to include imports made for exhibition of works of art in private galleries that allow unrestricted access to general public, subject to the fulfillment of certain conditions.

In order to resolve ongoing disputes, certain clarificatory amendments have been made in exemption notifications/entries. Specifications have been prescribed for coking coal which is fully exempt from customs duty under S. No. 68 of notification No. 21/2002 dated 1st March, 2002 so that it may be distinguished from non-coking coal which attracts a duty of 5%. Similarly, an Explanation has been added to the entry at S. Nos 344 and 345 of the same notification to define a "Completely Knocked Down" (CKD) unit of a vehicle to exclude a unit containing a pre-assembled engine, gearbox or transmission mechanism as well as a body assembly on which a sub-assembly of assembled engine, gearbox or transmission mechanism is installed. The Explanation to Notification No. 14/2004-Customs dated 8th January, 2004 has been amended to clarify that a water supply project includes water pumping station and water storage facility. A similar amendment has been carried out in entry 26A of Notification No. 42/1996- Customs dated the 23rd July, 1997.

As a trade facilitation measure, it has been decided to reduce the security amount to be tendered at the time of registration of a contract under Project Import Regulations to 2% of the contract value with a ceiling of Rs.1 crore to be

taken in the form of bank guarantee. It has also been decided that the bank guarantee would not be required to be renewed if the finalization is not completed within six months of the submission of the necessary documentation by the importer. Instructions contained in letter of even file number dated 1st March, 2011 may kindly be seen.

#### Other Legislative Amendments

Sub-section (1) of section 27 is being substituted so as to enhance the time limit for claiming refund of duty and interest from six months to one year for all categories of importers. This would unify the provisions with regard to raising of demands and claiming of refund.

As in the case of Central Excise, Section 28 is being substituted so as to make the provisions relating to recovery of duty not levied or short levied or erroneously refunded more coherent and clear. There is no change in the content of this provision.

Section 28AA and 28AB are being substituted with a revised section 28AA so as to make the provisions relating to interest more coherent and clear. It is being provided that interest would be payable from the first day of the month succeeding the month in which the duty ought to have been paid or erroneously refunded. Pending enactment of the Finance Bill, 2011, notifications revising the rate of interest to 18% per annum has been issued under the existing provisions.

Section 110A is being amended to empower the adjudicating authority to allow release of seized goods instead of Commissioner of Customs.

Section 124 is being amended so as to provide for issuance of a show cause notice with prior approval of an officer not below the rank of an Assistant Commissioner of Customs as against Deputy Commissioner presently.

Section 131D is being inserted to empower the Board to issue instructions relating to non-filing of appeal in certain cases in line with National Litigation Policy retrospectively with effect from 20.10.2010.

A new section 142A is being inserted so as to create first charge on the property of the defaulter for recovery of the customs dues from such defaulter subject to the provisions of section 529A of the Companies Act, the Recovery of Debt due to Bank and Financial Institution Act, 1993 and Securitisation and Reconstruction of Financial Assets and Enforcement of Security Interest Act, 2002.

Section 150 is being amended so as to provide that the balance of sale proceeds of unclaimed cargo sold in auction shall be paid to the Government if they cannot be paid to the owner within six months.

## CENTRAL EXCISE

### Rate structure for goods, other than petroleum

The standard rate of Central Excise duty for non-POL products has been **maintained at 10%**. The merit rate of excise duty (CENVAT) for non-petroleum goods **has been increased from 4% to 5%**. The increased rate would apply to all such goods that hitherto attracted the rate of 4%.

Special provision is being made vide clause 54 of the Finance Bill, 2011 read with the Third Schedule to retrospectively provide a concessional basic customs duty of 30% to fresh garlic imported by National Consumer Cooperative Federation and Madhya Pradesh State Cooperative Marketing Federation under import licenses issued by the Central Government and cleared after 15.1.2003. This provision would come into force on the date of enactment of the Finance Bill, 2011. Pending cases of these importers pertaining to the period mentioned above may be identified and disposed off accordingly.

Special provision is being made vide clause 58 of the Finance Bill, 2011 read with the Seventh Schedule to impose definitive safeguard duty retrospectively on imports of caustic soda lye imported into India during the period from 04.12.2009 to 03.03.2010. This would validate the imposition of provisional safeguard duty on this product during the same period. This provision would come into force on the enactment of the Finance Bill.

Notification Nos.92/2004-Customs dated 10th September, 2004, 41/2005-Customs dated 9th May, 2004, 90/2006-Customs dated 1st September, 2006, 64/2008-Customs dated 9th May, 2008 and 136/2008-Customs dated 24th December, 2008 have been retrospectively amended (in the case of first four w.e.f. 1st April, 2008; and the remaining ones from the date of their issuance). Clause 53 read with Second Schedule of the Finance Bill refers. The implication of these amendments is that benefit of reward schemes such as the Served from India Scheme, Focus Market Scheme, Focus Product Scheme etc. would be available towards fulfillment of export obligation under EPCG Scheme. This would also come into force on the enactment of the Finance Bill.

Notification No.16/2011-Customs (N.T) dated 1st March, 2011 has been issued under section 11 of the Customs Act to restrict imports of acetate tow and filter rods except when they are used for manufacture of filter rods and filter cigarettes respectively.

### Amendments in the Customs Tariff Act, 1975

- Section 3 is being amended to substitute the reference to Standards of Weight & Measures Act, 1976 with Legal Metrology Act, 2009 with effect from 1.3.2011 as has been repealed by the latter. This change would be effective from the date of enactment of the Finance Bill, 2011.
- The First Schedule is being amended to include editorial changes in the Harmonized System of Nomenclature (HSN) in certain chapters, which would be effective from 01.01.2012.

### Cement

The rate structure applicable to Portland cement falling under heading no.252329 has been revised. Cement manufactured by units **other than mini-cement plants and cleared in a packaged form** was chargeable to Central Excise duty either at specific rates or *ad valorem* rates depending on the retail sale price per 50 kg bag. The *ad valorem* rate was applicable to

the retail sale price. Although the price slabs are being retained, the rates of duty are being converted to mixed rates i.e. **ad valorem + specific rates along with some reduction. For the purpose of the ad valorem component, the value would no longer be the retail sale price but the transaction value determined under section 4 of the Central Excise Act, 1944.** Similarly, rates of duty applicable to

cement manufactured by mini-cement plants have been revised from specific rates to either *ad valorem* or *ad valorem*+ specific rates with some reduction. The rate of duty on bulk cement (i.e. other than packaged form), whether manufactured in a mini-cement plant or not, is being unified at 10% *ad valorem*. The details of these changes are as under:

SNo.	Description of goods	Earlier rate	Revised rate
1.	Packaged cement manufactured in a mini-cement plant - (i) Of retail sale price not exceeding Rs.190 per 50 kg bag or of per tonne RSP not exceeding Rs.3800 (ii) Of retail sale price not exceeding Rs.190 per 50 kg bag or of per tonne RSP not exceeding Rs.3800	Rs.185 PMT	10% <i>ad valorem</i>
		Rs.315 PMT	10% <i>ad valorem</i> + Rs.30 PMT
2.	Packaged cement manufactured in a plant other than a mini-cement plant - (i) Of retail sale price not exceeding Rs.190 per 50 kg bag or of per tonne RSP not exceeding Rs.3800 (ii) Of retail sale price not exceeding Rs.190 per 50 kg bag or of per tonne RSP not exceeding Rs.3800	Rs.290 PMT	10% <i>ad valorem</i> + Rs.80 PMT
		10% of retail sale price	10% <i>ad valorem</i> + Rs.160 PMT

Excise duty on cement clinker has been revised from Rs.375 per metric tonne to "10%+ Rs.200 per metric tonne".

#### Ready-made garments and made-up articles

Excise duty at the rate of 10% shall now apply to **ready-made garments and made-up articles of textiles** falling under Chapters 61, 62 and 63 (heading nos.63.01 to 63.08) of the Central Excise Tariff except those falling under heading nos.63.09 and 63.10 **when they bear or are sold under a brand name.** Hitherto, ready-made garments and made-up articles were exempt from Central Excise duty on the condition that no credit of duty on inputs is taken by the manufacturer in terms of notification no.30/2004-CE dated 9th July, 2004. If credit were taken, the applicable rate was 4% for goods of cotton, not containing any other textile material and 10% for others under notification no.29/2004-CE also dated 9th July, 2004. These notifications are being amended so that they apply only to those goods of Chapters 61, 62 and 63 not bearing a brand name or not sold under a brand name. **For such goods, therefore, the optional duty regime would continue. In the case of ready-made garments and made-up articles bearing a brand name or sold under a brand name, no such option would be available and a duty of 10% would be payable regardless of the composition of the item/article.**

#### Goods for Mega-Power Projects

Full exemption from Central Excise duty is available to goods supplied to ultra-mega power projects subject to the fulfillment of certain conditions – one of them being that the goods should be eligible for exemption from customs duties. Trade had represented that difficulties were being experienced in availing of the benefit of this exemption owing to this condition. The description of goods in the relevant entry in notification no.6/2006-CE has been amended to align it with the description under heading no.98.01 (project imports) and the condition regarding eligibility for customs exemption has been deleted. In addition, the exemption has been extended to power cables used within the generation facility of such a project. It has also been clarified by an explanation that the ash disposal system including ash dyke, coal transportation systems and water intake are integral

parts of such a project.

Full exemption from Central Excise duty has also been extended to specified goods supplied to expansion projects of existing mega power projects, subject to certain conditions.

#### Withdrawal of exemptions/ concessions

A number of exemptions from Central Excise duty (about 130 exemption entries) are being withdrawn. These include some cases where the rate of duty is Nil by tariff. **A nominal duty of 1% ad valorem is being imposed on these items with the condition that no credit of the duty paid on input and input services is taken.** For ease of reference, this rate is being prescribed through a common notification no. 1/2011-CE dated 1st March, 2011. The statutory/tariff rate for those items that hitherto attracted a Nil rate (by tariff) has been fixed at 5% *ad valorem*. Bill entries contained in the Tenth Schedule to the Finance Bill, 2011 may be referred to for this purpose. For the remaining items in whose case the statutory/tariff rate is not Nil, a general effective rate of 5% is being prescribed (without any condition) through noti-

fication no. 2/2011-CE dated 1st March, 2011. This would enable those manufacturers who wish to avail of Cenvat credit to pay a concessional duty of 5%.

#### Relief Measures

Full exemption from excise duty has been provided in the following cases:

- Air-conditioning equipment, panels and refrigeration panels for installation of cold-chain infrastructure for preservation, storage or transport of agricultural produce and apiary, horticultural, dairy, poultry, aquatic & marine produce and meat as well as processing thereof.;
- Conveyor belt systems for use in cold storages and in mandis and warehouses for the storage of food grains and sugar
- Goods required for the expansion of an existing mega/ ultra mega power project subject to specified conditions
- Specified parts of sewing machines (other than those with inbuilt motors)
- Parts of power tillers when cleared to another factory of the same manufacturer for manufacture of power tillers
- Cotton stalk particle board
- Enzymatic preparations for pre-tanning of leather
- Colour, unexposed cinematographic film in jumbo rolls of 400 feet and 1000 feet
- Pipe fittings required for a water supply project

#### Concessional duty of 1% is being provided for the following

- Sanitary napkins, baby and clinical diapers and adult diapers
- Water filters using pressurized tap water but no electricity and their replaceable kits

#### Excise duty is being reduced from 10% to 5% on

- Kits for the conversion of fossil fuel vehicles into hybrid vehicles and parts of such kits
- Grease proof paper and glassine paper

## EXPLANATORY NOTES (CUSTOMS)

As a measure of rationalization of duty structure the rates of 2% and 3% are being unified with the median rate of 2.5%. Accordingly basic customs duty on all goods currently attracting 2% has been increased to 2.5% and basic customs duty on those goods attracting 3% has been decreased to 2.5%.(S. No. 1 & 2 of Notification No. 21/2011-Cus dated the 1st March 2011 refers)

#### Chapter 1 and 2

No change

#### Chapter 3

Basic customs duty is being reduced from 30% to 10% on Live SPF L. Vannamei (S. No. 2A of Notification No.21/2002-Cus dated 1st March, 2002, as amended by Notification No. 21/2011-Cus dated the 1st March 2011 refers)

#### Chapter 4 to 7

No change

#### Chapter 8

8.1 Basic customs duty is being reduced from 30% to 10% on Pistachios (S. No. 14A of

Notification No.21/2002-Cus dated 1st March, 2002, as amended by Notification No. 21/2011-Cus dated the 1st March 2011 refers)

8.2 Basic customs duty is being reduced from 100% to 30% on Sun-dried dark seedless raisin (S.No.16A of Notification No.21/2002-Cus dated 1st March, 2002, as amended by Notification No. 21/2011-Cus dated the 1st March 2011 refers)

#### Chapter 9 to 13

No change

#### Chapter 14

Basic customs duty is being reduced from 30% to 10% on Bamboo for use in the manufacture of agarbatti (S. No. 28A of Notification No.21/2002-Cus dated 1st March, 2002, as amended by Notification No. 21 /2011-Cus dated the 1st March 2011 refers)

#### Chapter 15 and 16

No change

#### Chapter 17

Basic customs duty is being reduced from 25%

to 10% on Lactose for use in the manufacture of homeopathic medicine (S. No. 39A of Notification No. 21/2002-Cus dated 1st March, 2002, as amended by Notification No. 21/2011-Cus dated the 1st March 2011 refers)

#### **Chapter 18 and 19**

No change

#### **Chapter 20**

Basic customs duty is being reduced from 30% to 10% on Cranberry products (S. No. 45A of Notification No.21/2002-Cus dated 1st March, 2002, as amended by Notification No. 21/2011-Cus dated the 1st March 2011 refers)

#### **Chapter 21 and 22**

No change

#### **Chapter 23**

23.1 De-oiled rice bran oil cake is being exempted from Basic customs duty (S. No. 53AA of Notification No.21/2002-Cus dated 1st March, 2002, as amended by Notification No. 21/2011-Cus dated the 1st March 2011 refers)

23.2 Export duty of 10% is being levied on de-oiled rice bran oil cake

23.3 Fin fish feed is being exempted from Basic customs duty (S. No. 53AB of Notification No.21/2002-Cus dated 1st March, 2002, as amended by Notification No. 21 /2011-Cus dated the 1st March 2011 refers)

#### **Chapter 24**

No change

#### **Chapter 25**

25.1 Basic customs duty on mineral gypsum is being reduced from 5% to 2.5% (S. No.584A of Notification No.21/2002-Cus dated 1st March, 2002 as amended by Notification No.21 /2011-Cus dated the 1st March 2011 refers)

#### **Chapter 26**

26.1 Basic customs duty is being increased on all ores and concentrates from 2% to 2.5%. (S. No. 518 of Notification No.21/2002-Cus dated 1st March, 2002, as amended by Notification No. 21/2011-Cus dated the 1st March 2011 refers)

26.2 Basic customs duty is being exempted on the value of gold and silver content in copper concentrate. (Notification No. 23 /2011-Cus dated the 1st March 2011 refers)

26.3 Export duty on Iron ore is being increased on both fines and lumps (other than pellets) to a unified rate of 20%. Iron ore pellets have been exempted from export duty. (Notification No. 27/2011-Cus dated the 1st March 2011 refers).

26.4 Full exemption from the additional duty of customs leviable under section 3(5) of customs Tariff Act is being provided to copper dross, copper residues, copper oxide mill scale, brass dross and zinc ash (S. No. 76 of Notification No.20/2006-Cus dated 1st March, 2006, as amended by Notification No. 20/2011-Cus dated the 1st March 2011 refers).

#### **Chapter 27**

27.1 An explanation is being inserted to define coking coal as coal of Crucible Swelling Number (CSN) of above 2 and mean reflectance of above 0.85 have been prescribed for "Coking coal" for the purposes of this exemption. (S. No.68 & 68A of Notification No.20/2002-Cus dated 1st March, 2002, as amended by Notification No. 21 /2011-Cus dated the 1st March 2011

refers)

27.2 Basic customs duty on carbon black feed stock is being reduced from 5% to 2.5%. (S. No. 541 of Notification No.20/2002-Cus dated 1st March, 2002, as amended by Notification No. 21 /2011-Cus dated the 1st March 2011 refers)

27.3 Basic customs duty on petroleum coke is being reduced from 5% to 2.5%. (S. No. 596 of Notification No.21/2002-Cus dated 1st March, 2002, as amended by Notification No. 21/2011-Cus dated the 1st March 2011 refers);

27.4 Basic customs duty on bio-based asphalt sealer and preservation agent (CTH: 2715), millings remover and crack filler (CTH: 2715), asphalt remover and corrosion protectant (CTH: 3402.90) and sprayer system for bio-based asphalt (CTH 8705) imported for bio-based asphalt road construction is being fully exempted (S. No.230A of Notification No.21/2002-Cus dated 1st March, 2002, as amended by Notification No. 21/2011-Cus dated the 1st March 2011 refers)

#### **Chapter 28**

No change

#### **Chapter 29**

29.1 Basic customs duty on Acrylonitrile is being reduced from 5% to 2.5%. (S. No. 476 of notification No. 21/2002-Customs as inserted vide notification No. 21 /2011-Customs, dated 1st March, 2011 refers)

29.2 Basic customs duty on Diphenylmethane 4, 4-diisocyanate (MDI) is being reduced from 7.5% to 5% subject to actual user condition. (S. No.553D of notification No. 21/2002-Customs as inserted vide notification No. 21 /2011-Customs, dated 1st March, 2011 refers)

29.3 Basic customs duty on Caprolactam is being reduced from 10% to 7.5 %. (S. No. 553E of notification No. 21/2002-Customs as inserted vide No. 21 /2011-Customs, dated 1st March, 2011 refers)

#### **Chapter 30**

30.1 Concessional rate of 5% of basic customs duty is being provided on four live saving drugs, with Nil CVD along with on bulk drugs used in the manufacture of said drugs. (S. No. 171 to 174 in list 2 appended to notification No. 21/2002-Customs as inserted vide No. 21 /2011-Customs, dated 1st March, 2011 refers).

#### **Chapter 31 to 37**

No change

#### **Chapter 38**

38.1 Basic customs duty on Crude Palm Stearin imported for the manufacture of laundry soap, is being reduced from 20% to nil on actual user basis (S. No. 491A of notification No. 21/2002-Customs as inserted vide No. 21 /2011-Customs, dated 1st March, 2011 refers)

#### **Chapter 39**

39.1 Basic customs duty on Sodium Polyacrylate is being reduced from 7.5% to 5%. (S. No. 559B of notification No. 21/2002-Customs as inserted vide notification No. 21 /2011-Customs, dated 1st March, 2011 refers)

39.2 Basic customs duty on Polytetramethylene ether glycol (PT MEG) is being reduced from 7.5% to 5% subject to actual user condition. (S. No. 559C of notification No. 21/2002-Customs as inserted vide No. 21 /2011-Customs, dated 1st March, 2011 refers)

39.3 Basic customs duty on nylon chips is being reduced from 10% to 7.5%. (S. No. 559D of notification No. 21/2002-Customs as inserted vide No. 21 /2011-Customs, dated 1st March, 2011 refers).

#### **Chapter 40**

40.1 Basic customs duty on pneumatic tyres and retreaded tyres of kind used for aircrafts is being decreased from 3% to 2.5% (S. No. 605 of Notification No.21/2002-Cus dated 1st March, 2002, as amended by Notification No. 21/2011-Cus dated the 1st March, 2011 refers)

#### **Chapters 41 to 46**

No change

#### **Chapter 47**

47.1 Basic customs duty on Rayon grade wood pulp is being reduced from 5% to 2.5%. (S. No. 606 of Notification No.21/2002-Cus dated 1st March, 2002, as amended by Notification No.21/2011-Cus dated the 1st March 2011 refers)

47.2 Similarly, Basic customs duty on waste paper is being reduced from 5% to 2.5% (S. No. 152 of Notification No.21/2002-Cus dated 1st March, 2002, as amended by Notification No. 21/2011-Cus dated the 1st March 2011 refers)

#### **Chapter 49**

49.1 Customs exemption to printed books is being restricted to tariff items 4901 10 10, 4901 91 00 and 4901 99 00. (S. No. 160 of Notification No.21/2002-Cus dated 1st March, 2002, Notification No. 21/2011-Cus dated the 1st March 2011 refers)

#### **Chapter 50**

50.1 Basic customs duty on raw silk (not thrown), of all grades is being reduced to 5%.(S. No. 164A Of notification No. 21/2002-Customs as inserted vide No. 21 /2011-Customs, dated 1st March, 2011 refers)

#### **Chapter 51**

No change

#### **Chapter 52**

50.2 Basic customs duty on cotton waste is being reduced from 10% to nil. (S. No. 587 of notification No. 21/2002-Customs as inserted vide No. 21 /2011-Customs, dated 1st March, 2011 refers)

#### **Chapter 53**

No change

#### **Chapter 54**

54.1 Basic customs duty on nylon yarn is being reduced from 10% to 7.5%. (S. No. 534A of notification No. 21/2002-Customs as inserted vide No. 21 /2011-Customs, dated 1st March, 2011 refers).

#### **Chapter 55**

55.1 Basic customs duty on nylon fibre is being reduced from 10% to 7.5%. (S. No. 535B of notification No. 21/2002-Customs as inserted vide No. 21 /2011-Customs, dated 1st March, 2011 refers).

#### **Chapter 56 to 63**

No change

#### **Chapter 64 to 70**

No change

#### **Chapter 71**

71.1. An import duty structure of 'Nil basic customs duty, CVD of Rs.140 per 10 gram and Nil SAD is being prescribed for gold dore bars

having gold content not exceeding 80%, imported for refining and manufacturing serially numbered gold bars in India. (S. No. 518B of notification No. 21/2002-Customs dated 01.03.2002 as inserted by notification No. 21/2011-Customs dated 01.03.2011 refers)

#### **Chapter 72**

72.1 Basic customs duty is being fully exempted on Stainless steel Scrap (S.No. 202 of the notification No. 21/2002-Customs, dated 01.03.2006 as inserted vide Notification No. 21/2011 Customs dated 01.03.2011 refers).

72.2 Basic customs duty on Ferro-nickel is being reduced from 5% to 2.5%. (S.No. 197A of the notification No. 21/2002-Customs, dated 01.03.2006 as inserted vide Notification No. 21/2011 Customs dated 01.03.2011 refers).

#### **Chapter 73-83**

No change

#### **Chapter 84**

84.1 Basic customs duty is being reduced from 5% to 2.5% on specified Agriculture Machinery such as Paddy Transplanter, Laser land Leveler, Cotton Picker, Reaper-cum- binder, Straw or fodder balers, Sugarcane Harvesters, Track used for manufacture of Track-type Combine Harvester etc. Basic Customs Duty on the parts and components required for manufacture of the said equipment is being reduced from 7.5% to 2.5% (Notification No. 21/2002-Customs as amended vide notification No. 21/2011-Customs refers).

84.2 Full exemption from Basic Customs Duty and additional duty of customs (CVD) on tunnel boring machines and parts and components thereof for use in the assembly of Tunnel boring machines used for highway development projects is being provided. [List 18 of Notification No. 21/2002-customs as amended vide notification No. 21/2011-Customs refers].

84.3 Excise duty/ CVD is being reduced to 5% and SAD to NIL on parts of inkjet & laser jet printers imported by actual users for manufacture of printers.

84.4 The concessional rate of duty of 5% BCD, 5% Excise Duty/CVD & Nil SAD presently applicable to High speed machinery (>70000 copies per hour) is being extended to mailroom equipment viz. overhead conveyor gripper, stacker, wrapper, labeler, strapper, inserters and delivery conveyors designed for use with high speed printing machines with a minimum speed of 70000 copies per hour, imported by newspapers registered with Registrar of Newspapers of India (RNI). [S. No. 267C of notification No. 21/2002-Customs inserted vide notification No. 21/2011-Customs refers]

84.5 Import of parts & components for manufacture of 23 specified high voltage transmission equipments (List 44 of Notification No. 21/2002-Customs dated 01.03.2003) is being allowed at a concessional rate of 5% BCD+4% CVD +Nil SAD subject to actual user condition. [S. No. 424A of notification No. 21/2002 inserted vide notification No. 21/2011-Customs refers].

84.6 CVD / excise duty on the parts of optical disc drives viz. DVD Drives/ Writers, CD Drives and Combo Drives is being reduced to 5% and NIL SAD subject to actual user condition.

84.7 Basic Customs Duty is being reduced from 7.5% to 5% on Micro Irrigation equipment classifiable in 84248100 [S. No. 607 of notification

No. 21/2002-Customs inserted vide notification No. 21/2011-Customs refers].

84.8 Basic customs duty on cash dispensers is being reduced to nil. Parts of cash dispensers required for manufacture of cash dispensers are also being fully exempted from basic customs duty subject to actual user condition [S. No. 608 and 609 of notification No. 21/2002-Customs inserted by notification no 21/2011-customs refers].

84.9 Basic Customs Duty on specified gems and jewellery machinery is being reduced from 7.5% to 5% [S. No. 610 of notification No. 21/2002-Customs inserted by notification no 21/2011-customs refers].

#### **Chapter 85**

85.1 Full exemption from basic customs duty, additional duty of customs equivalent to excise duty presently available on parts, components and accessories of mobile handsets including cellular phones is being extended to parts, components for manufacture of PC connectivity cable and subparts of parts and components of PC connectivity cable, battery chargers and hands-free headphones of mobile handsets including cellular phones. [Notification No. 23/2010-Customs as amended vide notification No. 19/2011-Customs refers].

85.2 Full exemption from Special Additional Duty of customs on parts, components and accessories of mobile handsets including cell phones is now being extended to parts, subparts and components of battery chargers, PC connectivity cable and hands-free headphones of mobile handsets including cellular phones. Validity of this exemption is also being extended upto 31.3.2012. [Notification No. 22/2011-Customs refers].

85.3 The list of specified raw materials for use in electronics/IT industry, eligible for custom duty exemption is being expanded to include some more items (S. Nos. 38, 133, 190, 234, 235, 236 and 237 of notification No. 25/99-Customs as amended vide notification No. 14/2010-Customs refers).

85.4 LEDs used for manufacture of LED lights and light fixtures are being fully exempted from levy of special duty of customs leviable under Section 3(5) of the Customs Tariff Act, 1975.

85.5 Full exemption from payment of Additional duty of Customs (CVD) is being granted on the portion of value representing the consideration paid or payable for the transfer of the right to use such goods to those packaged or canned software, which do not require affixation of RSP under The Legal Metrology Act, 2009 or the rules made there under, subject to the Importer being registered under the Service Tax.

#### **Chapter 86**

No change

#### **Chapter 87**

87.1 The definition of "Completely Knocked Down (CKD) unit" for vehicles of CTH 8703 & 8711 (Motor cars and other motor vehicle including two wheelers) is being inserted to exclude such units which contain a pre-assembled engine or gearbox or transmission mechanism or a chassis where such parts or sub-assemblies is installed. ( Explanation in S.No. 344 & 345 of the notification No. 21/2002- Customs, dated 01.03.2006 inserted vide Notification No.

21/2011 Customs dated 01.03.2011 refers).

87.2 A concessional rate of Nil BCD CVD @ 5% and full exemption from SAD is being extended to specified parts of the hybrid vehicles, namely, battery pack, battery charger, AC/DC electric motors, and motor controllers. (S.No. 345A of the notification No. 21/2002-Customs, dated 01.03.2006 as amended vide Notification No. 21/2011- Customs dated 01.03.2011 refers).

87.3 A concessional rate of CVD @ 5% and full exemption from basic custom duty and Special Countervailing duty (Special CVD) is being extended to spare battery pack to such importers who are registered with Indian renewable energy development agency (IREDA) or any State Nodal agencies notified for Central Financial Assistance (CFA) scheme of the Ministry of Non- Conventional & Renewable Energy (MNRE). (S.No. 613 of the notification No. 21/2002-Customs, dated 01.03.2006 as inserted vide Notification No. 21/2011- Customs dated 01.03.2011 refers).

#### **Chapter 88**

88.1 A basic customs duty @ 2.5 % is being imposed on imports of aircrafts for Non- scheduled operations while exemption from CVD and SAD would continue in this category. The restriction on the inter-changeability of aircraft imported for non-scheduled operations (passenger) and nonscheduled operations (charter) is also being removed. (S.No. 347B of the notification No. 21/2002-Customs, dated 01.03.2006 as inserted vide Notification No. 21/2011- Customs dated 01.03.2011 refers).

88.2 The education cess and secondary and higher education cess is being imposed on aircrafts falling under 8802 20 00, 8802 30 00 and 8802 40 00 (S. No 1 Notification No. 69/2004-Customs, dated 09.07.2004 as inserted vide Notification No. 17/2011- Customs dated 01.03.2011 refers).

#### **Chapter 89**

89.1 Full exemption is being extended on imports of spares and consumables required for repair of ocean going vessels by ship owners for such vessels which are registered in India. (S.No. 351Aof the notification No. 21/2002-Customs, dated 01.03.2006 as inserted vide Notification No. 21/2011-Customs dated 01.03.2011 refers).

#### **Chapter 90**

90.1 Basic Customs Duty has been reduced from 10% to 5%, Additional Customs Duty(CVD) from 10% to 5% and Special Additional Duty of Customs (Special CVD) to Nil on Polypropylene, Stainless Steel Strip and Stainless Steel capillary tube for manufacture of syringe, needle, catheters, cannulae on actual user basis. [S. No. 357C of notification No. 21/2002-Customs inserted vide notification No. 21/2011-Customs refers].

90.2 Endovascular stents have been fully exempted from Basic Customs Duty of 5%; [S. No. 543A of notification No. 21/2002-Customs inserted vide notification No. 21/2011-Customs refers].

#### **Chapter 97**

##### **Art and Culture**

97.1 At present specified categories of works of art and antiquities are exempted from customs duty. The scope of the exemption is being

expanded by including,-

(a) works or arts or antiquities for exhibition or display in private art galleries or similar premises that are open to general public;

(b) works of art created by an Indian artist abroad, irrespective of the fact whether such works are imported along with the artist or the sculptor on their return to India. (Notification No. /2011-Customs dated 01.03.2011 refers)

#### **Miscellaneous**

M.1 Full exemption from Basic Customs Duty is being provided for Toughened Glass & silver paste imported for manufacture of Solar cells/ Modules subject to actual user condition; [S. No. 38 of notification No. 25/1999-Customs as amended/inserted vide notification No. 14/2011-Customs refers].

M.2 Basic customs duty on solar lantern/ lamps is being reduced from 10% to 5%. [S. No. 612 of notification No. 21/2002-Customs inserted vide notification No. 21/2011-Customs refers].

M.3 The benefit of exemption available on Ultra Mega Power Projects is being extended for development of facilities such as Ash disposal system including ash dyke, water intake including treatment and storage facilities and coal transportation, both inside and also outside the power plant's designated boundary except the township.

M.4 It is being clarified that the Cement & steel going into construction activity of the power project are not eligible for the benefit of customs duty and excise duty exemptions and that the special power cables connecting generators and right upto the transformer within the power generation plant would be eligible for the benefits of the said exemptions.

M.5 Water Pumping Station and Water Reservoir are being included in the scope of projects eligible for such exemption. [Notification Nos. 13/2011-Customs and 16/2011-Customs refers].

M.6 Safeguard Duty: The levy of safeguard duty on imports of caustic soda lye, when imported into India during the period 01.04.2009 to 30.03.2010 is being incorporated in the Finance bill for validating or confirming the provisional safeguard duty already imposed vide Notification no.131/2009-Custom, dated 04.12.2009.

M.7 Acetate Tow: The notification under section

11 of the Customs Act, 1962 is being issued for restricting the imports of Acetate Tow for manufacture of Filter Rods and Filter Rods for manufacture of Filter cigarettes. (Notification No. —/ 2011-Customs (NT) refers).

#### **M.8 Special Economic Zones**

M.8.1 All clearances from SEZ into DTA are being exempted from SAD charged at 4% provided they are not exempt from the levy of VAT/ Sales Tax. (Notification No. 45/2005 dated 16.05.05 as amended by 18/2011-Cus dated 01.03.2011 refers).

M.8.2 CVD exemption currently available to Plastic materials reprocessed in India out of the scrap or the waste of goods falling under specified chapters is being extended to domestic tariff area clearances of such plastic materials manufactured in SEZ units also. (S.No. 78 of notification No. 4/06-CE dated 01.03.06 as amended by 04/2011-CE dated 01.03.2011 refers)

#### **M.9 Export Promotion**

M.9.1 The list of specified goods, allowed to be imported duty free for use in the manufacture of leather goods, for export is being expanded.

M.9.2 The list of specified goods, allowed to be imported duty free for use in the manufacture of textile and leather garments, is being expanded by including anti-theft devices like labels, tags and sensors therein.

M.9.3 Description of some items is being changed in the list of items that are allowed to be imported duty free for manufacture of textile/ leather garments and other leather goods for export.

M.9.4 Benefit of duty free import is being extended to trimmings, embellishments, components etc. against exports of leather goods, footwear and textile garments by merchant exporters also subject to certain conditions.

M.9.5 Specified tools used in the handicrafts sector are being included in the list of specified goods, allowed to be imported duty free to the Handicrafts exporters.

(S. Nos. 114, 167, 167A, 583 and Condition No 21 of notification No 21/2002-Customs date 01.03.2002 as amended by notification by 21/ 2011-Customs dated 01.03.2011 refer).

Katha falling under tariff item 1404 90 50 is being withdrawn. Thus while a Tariff rate of 5% is being prescribed on Indian Katha, it would attract a concessional rate of 1% without CENVAT credit facility ( Finance bill 2011 & S.No. 2 of Notification No. 1/2011-C.E dated the 1st March 2011 refers)

#### **Chapter 15**

15.1 The exemption from basic excise duty provided to Margarine is being withdrawn. A Tariff rate of 5% is being prescribed for the tariff items falling under heading 1501 00 00, 1502 00 10, 1502 00 20, 1502 00 30, 1502 00 90, 1503 00 00, 1504 10 10, 1504 10 91, 1504 10 99, 1504 20 10, 1504 20 20, 1504 20 30, 1504 20 90, 1504 30 00, 1505 00 10, 1505 00 20, 1505 00 90 1506 00 10, 1506 00 90, 1516 10 00. However these items would attract the concessional rate of 1%

without CENVAT credit facility (Finance bill 2011 , S. No.3,4,5,6,7 & 8 of Notification No. 1 /2011-C.E and S. No. 2 of Notification No. 2/2011-C.E both dated the 1st March 2011 refers. (S.No. 12 of Notification No. 3/2006 – C.E dated 1st March, 2006, is being omitted by Notification No. 3 /2011-C.E dated the 1st March 2011)

15.2 Chapter note 5 is being amended to declare that in relation to products falling under headings 1501, 1502, 1503, 1504, 1505, 1506 and tariff item 1516 10 00, the process of labeling or relabeling of containers or repacking from bulk packs to retail packs or the adoption of any other treatment to render the product marketable to the consumer shall amount to "manufacture" (Finance bill 2011 refers)

#### **Chapter 16**

A Tariff rate of 5% has been prescribed for all the tariff items of chapter 16. However these goods would also a concessional rate of 1% without CENVAT credit facility. (Finance bill 2011 and S .No.9 of Notification No. 1 /2011-C.E dated the 1st March 2011 refers)

#### **Chapter 17 and 18**

No change

#### **Chapter 19**

The exemption from basic excise duty on paws, mudis and the like is being withdrawn and a Tariff rate of 5% is being prescribed for the tariff items falling under tariff heading 1901 10 10, 1901 10 90, 1902 (other than 1902 40 10 and 1902 40 90) and 1903 00 00. However a concessional rate of 1% without CENVAT credit facility is being imposed on items of tariff heading 1901 10 which are put up in unit containers and pasta, sphagetti, macaroni, noodles etc., tapioca and substitutes. (Finance bill 2011 and S .No.10,11,12,13 of Notification No. 1/2011-C.E dated the 1st March 2011 refers. S. No. 17B of Notification No. 3/2006 – C.E dated 1st March, 2006, is being omitted by Notification No. 3 /2011-C.E dated the 1st March 2011)

#### **Chapter 20**

The exemption from basic excise duty provided to the goods of chapter 20 is being withdrawn. However a concessional rate of 1% without CENVAT credit facility is being imposed on these goods. (S. No. 22 of Notification No. 3/ 2006 – C.E dated 1st March, 2006, is being omitted by Notification No. 3/2011-C.E dated the 1st March 2011, Also refer S. No. 14 of Notification No.1 /2011-C.E dated the 1st March 2011 and S. No. 4 of Notification No. 2/2011-C.E dated the 1st March 2011 )

#### **Chapter 21**

21.1 The exemption from basic excise duty on coffee or tea pre mixes, sauces, ketchup and the like, soups and broths and preparations, all kinds of food mixes, including instant food mixes, betel nut product known as " supari", ready to eat packaged food, milk containing edible nuts with sugar or other ingredients is being withdrawn. However these goods would be subject to the concessional rate of 1% without CENVAT credit facility (S. Nos. 15, 16, 17, 18, 19, 20, 21, 22 of Notification No. 1/2011 – C.E dated 1st March, 2011 and S. Nos. of 5,6,7,8,9,10 of Notification No. 2/2011 – C.E dated 1st March, 2011 refers. Further S. No. 24, 25, 26, 27, 30, 30 A, 30 B of Notification No. 3/2006 – C.E dated 1st March, 2006, is being omitted by Notification

## **EXPLANATORY NOTES (EXCISE)**

The Concessional central excise duty rate of 4% is being increased to 5% and thus all goods currently attracting 4% duty will now attract 5% unless otherwise specified.

#### **Chapter 1 to 12**

No change

#### **Chapter 13**

The exemption from excise duty on Cashew shell liquid (CNSL) is being withdrawn and consequently it will now attract a concessional rate of 1% without CENVAT credit facility. (S.No. 6 of Notification No. 3/2006 – C.E dated 1st March, 2006, is being omitted by Notification No. 3 /2011-C.E dated the 1st March 2011, S. No. 1 of Notification No. 1/2011-C.E & 2 /2011-C.E both dated the 1st March 2011 refers)

#### **Chapter 14**

The exemption from basic excise duty on Indian

No. 3/2011-C.E dated the 1st March 2011)

21.2 A Tariff rate of 5% has been prescribed for the tariff items falling under tariff heading 2105 00 00, 2106 90 92 while keeping the effective rate at 1% with Cenvat credit.

#### Chapter 22

22.1 A Tariff rate of 5% has been prescribed on tariff item 2202 90 10 which would however attract the concessional rate of 1% without CENVAT facility.

22.2 A concessional rate of 1% without CENVAT credit facility is being imposed on fruit pulp or fruit juice based drinks, Flavoured milk of animal origin, Tender coconut water. ( S.no. 23, 24, 25, 26 of Notification No. 1/2011 – C.E dated 1st March, 2011 and S. Nos. of 11, 12, 13 of Notification No. 2/2011- C.E dated 1st March,

2011 refers. Entry 11A of notification no. 3/ 2005-CE dated 24.02.2005 is being omitted by notification no. 15/2011-CE dated 1st March, 2011

22.3 A chapter note has been added so as to make the process of labeling or relabeling of containers or repacking from bulk packs to retail packs or the adoption of any other treatment to render the product marketable to the consumer shall amount to “manufacture” in relation to the products of this chapter.

#### Chapter 23 and 24

No change

#### Chapter 25

Central excise duty rates on cement and cement clinker are being revised as follows:

I Mini Cement Plant	Existing duty rate	New duty rate
All goods cleared in packaged form,- (i) of retail sale price not exceeding Rs. 190 per 50 kg bag or of per tonne equivalent retail sale price not exceeding Rs. 3800;	₹ 185 per tone	10% ad valorem
(ii) of retail sale price exceeding Rs. 190 per 50 kg bag or of per tonne equivalent retail sale price exceeding Rs. 3800;	₹ 315 per tone	10% ad valorem + ₹ 30 per MT
(iii) All goods other than those cleared in packaged form;	₹ 375 per tonne	10% ad valorem
II Other than Mini Cement plant		
All goods cleared in packaged form,- (i) of retail sale price not exceeding Rs. 190 per 50 kg bag or of per tonne equivalent retail sale price not exceeding Rs. 3800;	₹ 290 per tonne	10% ad valorem + ₹ 80 per MT
(ii) of retail sale price exceeding Rs. 190 per 50 kg bag or of per tonne equivalent retail sale price exceeding Rs. 3800;	10% of retail sale price	10% ad valorem + ₹ 160 per MT
(iii) All goods other than those cleared in packaged form;	10% or ₹ 290 per tonne whichever is higher	10% ad valorem
III Cement clinker		
	₹ 375 per tonne	10% ad valorem + ₹ 200 per MT

[S.No.1, 1A, 1B, 1C and 1D of Notification No.4/ 2006-CE dated the 1st March 2006 as amended by Notification No. 4 /2011-CE dated the 1st March 2011 refers]

#### Chapter 26

26.1 A Chapter note No. 4 is being inserted prescribing that in relation to products of this chapter, the process of converting Ores to concentrates shall amount to manufacture.[Finance Bill, 2011 refers]

26.2 Current exemption on Fly ash is being withdrawn. It will now attract 1% duty without CENVAT credit facility. [S. No. 15 of Notification No.76/86-CE as superseded by Notification No. 17/2011-CE dated the 1st March 2011 read with S. No. 27 of Notification No. 1/2011-CE & S.No.14 of Notification No. 2/2011-CE refers]

#### Chapter 27

27.1 A Tariff rate of 5% has been prescribed for all tariff items falling under headings 2701, 2702, 2703, 2704 and 2706 [Coal, Lignite, Peat, Coke, Tar etc.]. However these items would attract the concessional rate of 1% without CENVAT credit facility. [S.No.28 to 32 of Notification No. 1 /2011-CE refers]

#### Chapter 28

28.1 Existing Exemptions from excise duty on following goods are being withdrawn and excise duty of 1% without Cenvat credit facility is being imposed on such goods.

- (i) Potassium Iodate,

(ii) Silicon in all forms (also falling under chapter 38),

(iii) Medicinal grade hydrogen peroxide and Anaesthetics (also falling under 29 or 30) 2004.

(iv) Anaesthetics (also falling under chapter 29 or 30) (S. Nos.33, 34, 35, 36 of notification No.1 /2011-Central Excise, dated 1st March, 2011 refers). However, a general effective rate of 5% is also being prescribed without any condition. (S.Nos.15, 16, 17, 18 of notification No.2 /2011-Central Excise, dated 1st March, 2011 refers)

#### Chapter 29

No change

#### Chapter 30

30.1 Exemptions from excise duty on following goods are being withdrawn and excise duty of 1% without Cenvat credit facility is being imposed on such goods :

(i) Medicaments (including those used in Ayurvedic, Unani, Siddha, Homeopathic or Biochemic systems), manufactured exclusively in accordance with the formulae described in the authoritative books specified in the First Schedule to the Drugs and Cosmetics Act, 1940 (23 of 1940) or Homeopathic Pharmacopoeia of India or the United States of America or the United Kingdom or the German Homeopathic Pharmacopoeia, as the case may be, and sold under the name as specified in such books or pharmacopoeia

(ii) Intravenous fluids, which are used for sugar, electrolyte or fluid replenishment

S. Nos.37, 38 of notification No.1 /2011-Central Excise, dated 1st March, 2011 refers). A general effective rate of 5% is also being prescribed without any condition(S. Nos.19, 20 of notification No.2 /2011-Central Excise, dated 1st March, 2011 refers)

30.2 While a tariff rate of 5% is being prescribed on Vaccines (other than those included in National Immunisation Program) they would be subject to the concessional duty of 1% without CENVAT credit facility. (S. No.39 of notification No.1 /2011-Central Excise refers)

#### Chapter 31

31.1 Exemptions from excise duty on all goods, other than those specified under than those which are clearly not be used as fertiliser, are being withdrawn and concessional duty of 1% without CENVAT credit facility is being imposed on such goods(S. Nos.40 of notification No.1/ 2011-Central Excise, dated 1st March, 2011 refers). However, the general effective rate is being reduced to 5% on the said goods (S. Nos.21 of notification No.2/2011-Central Excise, dated 1st March, 2011 refers)

#### Chapter 32

32.1 Enzymatic preparations falling under sub heading 3202 90 30 of Central Excise Tariff Act, 1975 is being fully exempted from Central Excise duty (S.No.64A of notification No. 4/2006-CE as amended vide notification No. 4/2006-CE refers)

32.2 Exemption from excise duty on Drawing ink is being withdrawn and concessional duty of 1% without CENVAT credit facility is being imposed on such good [S. Nos.43 of notification No.1 / 2011-Central Excise, dated 1st March, 2011 refers). A general effective rate of 5% without any condition is being prescribed on such goods (S. Nos.22 of notification No.2 /2011-Central Excise, dated 1st March, 2011 refers)

33.3 A tariff rate of excise duty of 5% on Fountain pen ink and Ball pen ink is being prescribed though these items would attract the concessional duty of 1% without CENVAT credit facility is being imposed on such goods. (S. No.41,42 of notification No.1 /2011-Central Excise refers)

#### Chapter 33

33.1 Exemptions from excise duty on Tooth Powder, is being withdrawn and concessional duty of 1% without CENVAT credit facility is being imposed on such good (S. Nos.44 of notification No.1 /2011-Central Excise, dated 1st March, 2011 refers). However, duty the general effective rate of 5% without any condition is also being prescribed. (S. Nos.23 of notification No.2 /2011-Central Excise, dated 1st March, 2011 refers)

33.2 Notification is being issued to exempt payment of duty at the time of removal of traditional perfumes commonly known as „Attar from the retail shops if the manufacturers pays the duty on such goods at the retail sale price at the time of clearance of such goods in bulk from the factory. (Notification No. 5/2011-Central Excise (NT), dated 1st March, 2011 refers)

#### Chapter 34

34.1 Exemptions from excise duty on Candles, is being withdrawn and concessional duty of 1%



without CENVAT credit facility is being imposed on such goods (S. Nos.45 of notification No.1 / 2011-Central Excise, dated 1st March, 2011 refers). A general effective rate of 5% is also being prescribed without any condition (S. Nos.24 of notification No.2 /2011-Central Excise, dated 1st March, 2011 refers)

#### **Chapter 35 and 36**

No change

#### **Chapter 37**

37.1 Colour, unexposed cinematographic film in jumbo rolls of 400 ft and 1000 ft is being fully exempted from Central Excise duty so that imports of this item are not required to pay CVD [additional duty of customs]. (S.No.73A of notification No. 4/2006-Central Excise, as amended vide notification No. 4/2011-CE refers)

#### **Chapter 38**

38.1 A tariff rate of 5% excise duty is being prescribed on Ready-mix concrete (RMC). However these goods would attract the concessional 1% duty without CENVAT credit facility.

(S. No.46 of notification No.1 /2011-Central Excise, dated 1st March, 2011 refers)

#### **Chapter 39**

39.1 Exemptions from excise duty on following goods are being withdrawn and these goods would attract a concessional excise duty of 1% without CENVAT credit facility (S. Nos.47, 48 and 50 of notification No.1 /2011-Central Excise, dated 1st March, 2011 refers). However, a general effective rate of 5% is also being prescribed on these items without any condition. Products of jute and phenolic resins manufactured by pultrusion process, containing at least forty percent. by weight of jute.

(i) Unexpanded polystyrene beads purchased by Malaria Research Centre.

(ii) Nipples for feeding bottles( also falls under chapter 40)

(S. Nos.25, 26, 27 of notification No.2 /2011-Central Excise, dated 1st March, 2011 refers).

39.2 A tariff rate of 5% excise duty is being prescribed on canes of polymers, plastics or vegetable products. However these goods would attract a concessional duty of 1% ad valorem without CENVAT credit facility (S. No. 49 of notification No. 1/2011-Central Excise, dated 1st March, 2011 refers)

#### **Chapter 40**

40.1 The existing exemption on surgical rubber gloves or medical examination gloves is being withdrawn and would now attract 1% duty without CENVAT credit facility. A general effective rate of 5% is also being prescribed without any condition [S.No. 81 of Notification No. 4/2006-CE dated the 1st March 2006 as amended by Notification No. 4/2011-CE dated the 1st March 2011 read with S.No.51 of Notification No. 1/ 2011-CE& S.No. 28 of Notification No. 2/2011-CE refers]

#### **Chapter 41 to 43**

No changes

#### **Chapter 44**

44.1 The existing exemption on resin bonded bamboo mat board is being withdrawn. Now such goods will attract 1% duty without CENVAT credit facility. A general effective rate of 5% is also being prescribed without any condition [S.No. 86A of Notification No.4/2006-CE dated

the 1st March 2006 as amended by Notification No. 4/2011-CE dated the 1st March 2011 read with S.No. 52 of Notification No. 1/2011-CE & S.No.29 of Notification No. 2/2011-CE refers]

44.2 The existing exemption Coir composite boards, coir matting boards, coir boards is being withdrawn. These goods would now attract 1% duty without CENVAT credit facility A general effective rate of 5% is also being prescribed without any condition [S.No. 87A of Notification No.4/2006-CE dated the 1st March 2006 as amended by Notification No. 4/2011-CE dated the 1st March 2011 read with S.No.53of Notification No. 1 /2011-CE& S.No.30 of Notification No. 2/2011-CE refers]

#### **Chapter 45**

No changes

#### **Chapter 46**

46. A Tariff rate of 5% is being prescribed for all tariff items falling under headings 4601 and 4602. However, these goods would attract the concessional rate of 1% without CENVAT credit facility [S. No. 54 and 55 of Notification No. 1/ 2011-CE refers]

#### **Chapter 47**

47.1 A Tariff rate of 5% is being prescribed for all tariff items falling under headings 4701, 4702, 4703, 4704 4705 and 4706 {all sorts of wood pulp} However these goods would attract the concessional c rate of 1% without CENVAT credit facility [S. No. 56 to 61 of Notification No. 1/2011-CE refers]

#### **Chapter 48**

48.1 The benefit of concessional excise duty is being extended to such cartons, boxes and cases of corrugated paper or corrugated board made out from the stage of kraft paper etc. whether or not pasted with duplex sheets on the outer surface. [S.No. 96E of Notification No.4/ 2006-CE dated the 1st March 2006 as amended by Notification No. 4 /2011-CE dated the 1st March 2011 refers]

48.2 The benefit of concessional excise duty rate of 5% is being extended to greaseproof paper and glassine paper falling under Tariff items 4806 20 00 and 4806 40 10 respectively [S.No. 98 of Notification No.4/2006-CE dated the 1st March 2006 as amended by Notification No. 4/2011-CE dated the 1st March 2011 refers]

48.3 Particle Boards made of Cotton stalk are being fully exempted from payment of central excise duty [S.No.82 of Notification No.6/2006-CE dated the 1st March 2006 as amended by Notification No. 6/2011-CE dated the 1st March 2011 refers]

48.4 The central excise duty exemption available to clearances of paper manufactured from non-conventional material upto 3500 MT is being withdrawn. [S.No. 90 of Notification No.4/ 2006-CE dated the 1st March 2006 is being omitted by Notification No. 4/2011-CE dated the 1st March 2011 refers]

48.5 Excise duty on Baby and clinical diapers & adult diapers falling under Tariff item no. 4818 40 10 and Sanitary napkins falling under Tariff item no. 4818 40 90 is being reduced to 1% without cenvat credit facility. The general effective rate of 5% is also being prescribed on these goods without any conditions [S.No. 96B, 96C and 96D of Notification No.4/2006-CE dated the 1st March 2006 as amended by Notification No.

4/2011-CE dated the 1st March 2011 read with S.No. 66, 67 and 71 of Notification No. 1 /2011-CE & S.No.34 and 35 of Notification No. 2/ 2011-CE refers]

48.6 The existing exemption on Notebooks & exercise note books is being withdrawn. Now they will attract 1% duty without CENVAT credit facility. The general effective rate of 5% is also being prescribed on these goods without any conditions [S.No. 97 of Notification No.4/2006-CE dated the 1st March 2006 as omitted by Notification No. 4 /2011-CE dated the 1st March 2011 read with S.No. 68 of Notification No. 1/ 2011-CE& S.No. 36 of Notification No. 2 /2011-CE refers]

48.7 A Tariff rate of 5% is being prescribed on Letters, envelopes, lettercards and postcards However, they would attract 1% duty without CENVAT credit facility The general effective rate of 5% is also being prescribed on these goods without any conditions Letters, envelopes, lettercards and postcards of Department of Posts are fully exempted from central excise duty [S.No. 99 of Notification No.4/2006-CE dated the 1st March 2006 as inserted by Notification No. 4/2011-CE dated the 1st March 2011 read with S.No. 65 of Notification No. 1 /2011-CE refers]

48.8 The existing exemption on Leather board is being withdrawn and such goods would now attract 1% duty without CENVAT credit facility. The general effective rate of 5% is also being prescribed on these goods without any conditions [S. No. 20 of Notification No.76/86-CE as superseded by Notification No. 17/2011-CE dated the 1st March 2011 read with S. No. 62 of Notification No. 1/2011-CE& S.No.31 of Notification No. 2 /2011-CE refers]

48.9 The existing exemption on writing or printing paper for printing of educational text books is being withdrawn and would now attract 1% duty without CENVAT credit facility .The general effective rate of 5% is also being prescribed on these goods without any conditions [S. No. 44 of Notification No.4/2006-CE dated the 1st March 2006 as amended by Notification No. 4/ 2011-CE dated the 1st March 2011 read with S. No.63 of Notification No. 1/2011-CE & S.No. 32 of Notification No. 2/2011-CE refers]

48.10 The existing exemption on Paper or paper board made from hand lifted pulp etc. is being withdrawn and would now will attract 1% duty without CENVAT credit facility. A general effective rate of 5% is also being prescribed on these goods without any conditions. [S.No. 45 of Notification No.3/2005-CE dated the 1st March 2005 as amended by Notification No. 15/2011-CE dated the 1st March 2011 read with S.No.64 of Notification No. 1 /2011-CE & S.No. 33 of Notification No. 2/2011-CE refers]

#### **Chapter 49**

49.1 A Tariff rate of 5% is being prescribed on all goods falling under 4909 (Greeting cards or wedding cards etc.). However they will attract 1% duty without CENVAT credit facility. A general effective rate of 5% is also being prescribed on these goods without any conditions. [S.No.69 of Notification No. 1/2011-CE refers]

49.1 A Tariff rate of 5% is being prescribed on all goods falling under 4910 (Calendars etc.). However they will attract 1% duty without CENVAT credit facility. A general effective rate

of 5% is also being prescribed on these goods without any conditions [S.No. 70 of Notification No. 1/2011-CE refers]

#### **Chapter 50**

No change

#### **Chapter 51 and 52**

No change

#### **Chapter 53**

53.1 A tariff rate of 10% is being prescribed on Jute yarn falling under tariff items 53071010 and 53072000 while simultaneously exempting them from Central Excise Duty. (S.No.2B of notification No. 5/2006-Central Excise, dated 1st March, 2006 as amended vide notification No.5/2011-CE, dated 1st March,2011 refers)

#### **Chapter 54 and 55**

No Change

#### **Chapter 56**

56.1 A tariff rate of 5% excise duty is being prescribed on goods falling under sub-heading 5601 10 00. However it will attract the concessional rate of 1% without CENVAT credit facility (S. No. 71 of notification No. 1/2011-Central Excise, dated 1st March, 2011 refers)

#### **Chapter 57**

57.1 Exemptions from excise duty on hand-made carpets, carpets and other textile floor coverings, knotted, woven, tufted or flocked of coconut fibres (coir) or jute, whether or not made up are being withdrawn and would now attract a concessional duty of 1% without Cenvat credit facility (S. Nos.72 of notification No.1 / 2011-Central Excise, dated 1st March, 2011 refers). A general effective duty rate of 5% is also being prescribed on the said goods without any conditions. (S. Nos.37 of notification No.2 / 2011-Central Excise, dated 1st March, 2011 refers).

#### **Chapter 58**

58.1 A tariff rate of 5% excise duty is being prescribed on all goods falling under heading 5805 and 5807 However these goods would attract a concessional rate of 1% without Cenvat credit facility.(S. Nos.73 and 74 of notification No. /2011-Central Excise refers)

#### **Chapter 59**

59.1 Exemptions from excise duty on adhesive tapes of a width not exceeding 20 cm is being withdrawn and would now attract 1% without CENVAT credit facility (S. Nos.72 of notification No.1 /2011-Central Excise, dated 1st March, 2011 refers). However, a general effective rate of 5% is being prescribed on these goods without any condition. (S. Nos.38 of notification No.2/2011-Central Excise, dated 1st March, 2011 refers).

#### **Chapter 60**

No change

#### **Chapter 61 to 63**

61.1 Exemptions from excise duty on laminated jute bags is being withdrawn and such goods would now be subject to excise duty of 1% without CENVAT credit facility (S. No.76 of notification No.1 /2011-Central Excise, dated 1st March, 2011 refers). However, a general effective rate of 5% is being prescribed without any condition (S. Nos.39 of notification No.2/ 2011-Central Excise, dated 1st March, 2011 refers).

61.2 The optional scheme for payment of excise

duty on readymade garments and textile made up, which bear a brand name or are sold under a brand name no longer be available. An excise duty @10% is being imposed on such goods without Cenvat credit facility. (S.No. of notification No. 30/2004-CE as amended vide notification no.12 /2011-Central Excise refers). The general SSI exemption has been extended to such goods. (Notification No. 8/2003-Central Excise as amended vide notification No.8 / 2011-Central Excise dated 1st March, 2011 refers).

61.3 The tariff value for charging duty on readymade garments and textile made-ups would be @ 60% of the retail sale price. (Notification No.20/2001- Central Excise (NT) as amended vide notification No.7 /2011-Central Excise (NT) refers).

#### **Chapter 64 to 65**

64.1. No change

#### **Chapter 66**

66.1. The Concessional rate of excise duty at the rate of 1% without Cenvat credit is being imposed on walking sticks, seat-sticks, whips, riding crops falling under heading 6602. (S. No. 78 of notification No. 1/2011-CE and S. No. 40 of notification No. 2/2011-CE both dated 01.03.2011 refers).

#### **Chapter 67**

67.1. No change

#### **Chapter 68 and 69**

68.1. A Tariff rate of 5% excise duty on Bricks of siliceous fossil meals or similar siliceous earths falling under heading 6901 00 10 is being prescribed. However, these goods would be subject to the concessional duty of 1% without CENVAT credit facility. (S. No. 81 of notification No. 1/2011-CE dated 01.03.2011 refers)

68.2. Concessional excise duty at the rate of 1%, without CENVAT credit facility, is being imposed on the following goods, namely:-

(i) Sandlime bricks falling under Chapter 68 Or 69

(ii) Ceramic building bricks falling under CETH 6904 10 00

(iii)Roofing tiles falling under CETH 6905 10 00  
(iv) Burnt Clay tiles conforming to IS specification No.3367-1975

(v) Ceramic tiles subjected to the process of printing, decorating or ornamenting in a factory which does not have the facilities (including plant and equipment) of producing ceramic tiles (S. Nos. 78, 82, 83, 79 and 80 of notification No. 1/2011-CE and S. No. 41, 44, 45, 42 and 43 of notification No. 2/2011-CE both dated 01.03.2011 refers).

#### **Chapter 70**

70.1. A tariff rate of 5% excise duty on Glass chimneys for lamps and lanterns, Globes for lamps and lanterns and Founts for kerosene wick lamps is being prescribed. However these goods would be subject to the concessional rate of 1% excise without CENVAT credit facility (S. No. 86 of notification No. 1/2011-CE dated 01.03.2011 refers)

70.2. The Concessional excise duty of 1% without CENVAT credit of duty or tax is being imposed on Glassware produced by mouth – blown process and Glasses for corrective spectacles and flint buttons

(S. Nos. 84 and 85 of notification No. 1/2011-CE and S. No. 46 and 47 of notification No. 2/2011-CE both dated 01.03.2011 refers).

#### **Chapter 71**

71.1. A chapter note in Chapter 71 has been inserted stating that the process of “refining of gold dore bar into standard gold bar” amounts manufacture.

71.2. A tariff rate of 5% excise duty on Piezo-electric quartz falling under CETH 7104 10 00 has been imposed. However a concessional excise duty at the rate of 1% is being provided without CENVAT credit facility. (S. No. 87 of notification No. 1/2011-CE dated 01.03.2011 refers).

71.3. The tariff rate of excise duty on Silver powder, Silver unwrought and semi-manufactured silver in forms other than sheets, plates, strips, tubes and pipes (falling under CETH 7106 10 00, 7106 91 00 and 7106 92 90) is being increased from NIL to 10%. However the effective excise duty on these products (except when produced during gold ore/concentrate refining, dore bar refining and copper smelting) would be nil. (S. No. 21D of notification No. 5/2006-CE dated 01.03.06 as inserted by notification no 5/ 2011-CE dated 01.03.2011 refers).

71.4. The Concessional excise duty of 1% without CENVAT credit facility is being imposed on the following goods, namely:-

(i) Articles of jewellery manufactured or sold under a brand name

(ii) Branded articles of gold, silver, platinum, palladium, rhodium, iridium, osmium, or ruthenium

(S. Nos. 88 and 89 of notification No. 1/2011-CE dated and S. No. 48 and 49 of notification No. 2/ 2011-CE both dated 01.03.2011 refers).

71.5. Excise duty is being reduced on serially numbered gold bars, other than tola bars, made starting from the ore/concentrate stage in the same factory from 'Rs.280 per 10 grams' to 'Rs.200 per 10 grams'. (S. No. 21A of notification No. 5/2006-CE dated 01.03.06 as amended by notification no 5/2011-CE dated 01.03.2011 refers).

71.6. A concessional excise duty rate of Rs.200 per 10 grams is being extended to serially numbered gold bars manufactured by refining of gold dore bar also. (S. No. 21A of notification No. 5/2006-CE dated 01.03.06 as amended by notification no 5/2011-CE dated 01.03.2011 refers)

71.7. Excise duty of „Rs.300 per 10 gram is being imposed on serially numbered gold bars, other than tola bars, and gold coins manufactured during the process of copper smelting. (S. No. 21C of notification No. 5/2006-CE dated 01.03.06 as inserted by notification no 5/2011-CE dated 01.03.2011 refers)

71.8. Excise duty of Rs.1500 per Kg. is being imposed on silver manufactured during gold refining starting from ore/concentrate stage or from gold dore bar or during the process of copper smelting. (S. No. 21B of notification No. 5/2006-CE dated 01.03.06 as inserted by notification no 5/2011-CE dated 01.03.2011 refers)

#### **Chapter 72**

A chapter note is being inserted to provide that in relation to goods of this chapter, the process of galvanization shall amount to manufacture.

(Finance Bill, 2011 refers)

### Chapter 73

73.1 The exemption from excise duty on goods falling under heading 7310 or 7326 (Mathematical boxes, geometry boxes and colour boxes, pencil sharpeners) is being withdrawn and a concessional duty @ 1% without CENVAT credit facility is being imposed on such goods. (S.No. 31 of the notification No.05/2006-C.E. is omitted vide notification No. 05/2011-C.E dated 01.03.2011 refers. S.No. 90 of the notification No.1/2011-C.E dated 01.03.2011 and S.No. 50 of the notification No.2/2011-C.E dated 01.03.2011 refers).

73.2 The exemption from excise duty on goods falling under heading 7319 (Sewing needles) is being withdrawn and a concessional duty @ 1% without CENVAT credit facility is being imposed on such goods. (S.No. 65 of the notification No.03/2005-C.E. is omitted vide notification No. 15/2011-C.E dated 01.03.2011 refers. S.No. 92 of the notification No.1/2011-C.E dated 01.03.2011 and S.No. 52 of the notification No.2/2011-C.E dated 01.03.2011 refers).

73.3 The exemption from excise duty on goods falling under heading 7321 (Kerosene burners, kerosene stoves and wood burning stoves of iron or steel,) is being withdrawn. A concessional duty @ 1% without CENVAT credit facility is being imposed of such goods. (S.No. 34 of the notification No.05/2006-C.E. is omitted vide notification No. 05/2011-C.E dated 01.03.2011 refers. S.No. 91 of the notification No.1/2011-C.E dated 01.03.2011 and S.No. 51 of the notification No.2/2011-C.E dated 01.03.2011 refers).

73.4 The exemption from excise duty on goods falling under heading 7323 (All goods other than parts and pressure cookers) is being withdrawn and a concessional duty @ 1% without CENVAT credit facility if being imposed on all goods in the above mentioned category. (S.No. 11 of the notification No.10/2006-C.E. is omitted vide notification No. 10/2011-C.E dated 01.03.2011 refers. S.No. 93 of the notification No.1/2011-C.E dated 01.03.2011 and S.No. 53 of the notification No.2/2011-C.E dated 01.03.2011 refers).

### Chapter 74

74.1 The exemption from excise duty on goods falling under heading 7418 (All goods other than parts and pressure cookers) is being withdrawn and a concessional duty @ 1% without CENVAT credit facility on all goods in the above mentioned category. (S.No. 34 of the notification No.05/2006-C.E. and S.No. 13 of the notification No.10/2006-C.E is omitted vide notification No. 05/2011-C.E dated 01.03.2011 and notification No.10/2011-C.E dated 01.03.2011 refers. S.No. 91 & 93 of the notification No.1/2011-C.E dated 01.03.2011 and S.No. 51 & 53 of the notification No.2/2011-C.E dated 01.03.2011 refers).

74.2 The exemption from excise duty on goods falling under heading 7419 (Kerosene burners, kerosene stoves and wood burning stoves of copper or copper alloy) is being withdrawn and a concessional duty @ 1% without CENVAT credit facility on such goods is being imposed. (S.No. 34 of the notification No.05/2006-C.E. is omitted vide notification No. 05/2011-C.E dated 01.03.2011 refers. S.No. 91 of the notification No.1/2011-C.E dated 01.03.2011 and S.No. 51

of the notification No.2/2011-C.E dated 01.03.2011 refers).

### Chapter 75

No change.

### Chapter 76

76.1 The exemption from excise duty on goods falling under heading 7615 (All goods other than parts and pressure cookers) is being withdrawn and a concessional duty @ 1% without CENVAT credit facility is being imposed on such goods (S.No. 14 of the notification No.10/2006-C.E. is omitted vide notification No. 10/2011-C.E dated 01.03.2011 refers. S.No. 93 of the notification No.1/2011-C.E dated 01.03.2011 and S.No. 53 of the notification No.2/2011-C.E dated 01.03.2011 refers).

### Chapter 77 to 81

No change.

### Chapter 82

82. The exemption from excise duty on all goods falling under heading 8215 (Spoons, forks, ladles, skimmers, cake-servers, fish-knives, butter-knives, sugar tongs and similar kitchen or tableware) is being withdrawn and a concessional duty of 1% without CENVAT credit facility on such goods is being imposed. (S.No. 16 of the notification No.10/2006-C.E. is omitted vide notification No. 10/2011-C.E dated 01.03.2011 refers. S.No. 94 of the notification No.1/2011-C.E dated 01.03.2011 and S.No. 54 of the notification No.2/2011-C.E dated 01.03.2011 refers).

### Chapter 83

No Change

### Chapter 84 & 85

84.1 Full exemption from excise duty is being extended to parts of power tillers when cleared to another factory of the same manufacturers for manufacturing power tillers. (Notification No. 32/2007-C.E. dated 30.07.2007 as superseded vide notification No. 16/2011-C.E dated 01.03.2011 refers).

84.2 Full exemption from excise duty is being extended to pipe fittings such as joints, elbows couplings etc used for delivery of drinking water from its source to the plant and from there to the first storage plant is being extended to. (S.No. 7 of the notification No. 6/2006-Central Excise as amended vide S.No. 7 of the notification No.06/2011-C.E dated 01.03.2011 refers). Water filters functioning without electricity but with pressurized tap water as well as without pressurized water and replaceable kits thereof are being subject to 1% duty without Cenvat credit facility [S. No. 57 of notification No. 2/2011-CE refers].

84.3 Excise duty has been reduced on parts of 40 specified Textile machinery and equipments (List 2) of Notification No. 6/2006-CE dated 01.03.2006 from 10% to 5%. [list 2 amended vide notification No. 6/2011-CE refers].

84.4 Full Central Excise duty exemption for air conditioning equipment & panels of 3 Tonne air-conditioning capacity and above, and refrigeration panels required for the installation of a cold storage, cold room or refrigerated vehicle for the preservation, storage, transport or processing of agricultural, apiary, horticultural, dairy, poultry, aquatic & marine produce is being provided. [List 4 of notification No. 6/2006-CE amended vide notification No. 6/2011-CE refers].

84.5 Conveyer Belt Systems used in cold storage facilities for the preservation, storage, transport or processing of agricultural, apiary, horti-

cultural, dairy, poultry, aquatic & marine produce and meat and in Mandis & Warehouses for storage of Food grains and Sugar are being fully exempted from Central Excise duty. [S. No. 5A of notification No. 6/2006-CE inserted vide notification No. 6/2011-CE refers].

84.6 The concessional rate of duty of 5% BCD, 5% Excise Duty/CVD & Nil SAD presently applicable to High speed machinery (>70000 copies per hour) is being extended to mailroom equipment viz. overhead conveyor gripper, stacker, wrapper, labeler, strapper, inserters and delivery conveyors designed for use with high speed printing machines with a minimum speed of 70000 copies per hour, imported by newspapers registered with Registrar of Newspapers of India (RNI). [S. No. 12B of notification No. 6/2006-CE inserted vide notification No. 6/2011-CE refers].

84.7 Excise duty of 5% has been imposed on automatic looms and projectile looms. [S. No.14 and 14A of notification No. 6/2006-CE amended vide notification No. 6/2011-CE refers].

84.8 Full Central Excise duty exemption is provided to the crank shaft/arm shaft used for manufacture of sewing machines- other than those with in-built motors [S. No. 15A of notification No. 6/2006-CE inserted vide notification No. 6/2011-CE refers].

84.9 An Excise Duty @ 5% has been imposed on specified IT products viz microprocessor other than motherboards, floppy disc drives, CD-Rom drive etc when these items are meant for internal use in the CPU housing/laptop body. These items meant primarily for external use with a computer or laptop will also be liable for 5% excise duty/ CVD. [S. No. 17 of notification No. 6/2006-CE substituted vide notification No. 6/2011-CE refers].

84.10 Excise duty/ CVD has been reduced to 5% and SAD to NIL on parts of inkjet & laser-jet printers imported by actual users for manufacture of printers [S. No. 17C of notification No. 6/2006-CE inserted vide notification No. 6/2011-CE refers].

84.11 Full exemption has been provided for parts/ components of PC connectivity cable imported for its manufacture. [S. No. 31 of notification No. 6/2006-CE suitably amended vide notification No. 6/2011-CE refers].

84.12 Full exemption are also being provided for sub parts of parts & components of battery charger, hands free headphones & PC connectivity cable imported for manufacture of these parts of mobile handsets including cellular phones. [S. No. 31 of notification No. 6/2006-CE suitably amended vide notification No. 6/2011-CE refers].

84.13 Duty on the parts of optical disc drives viz CD drives, DVD Drives/ Writers and Combo Drives is being reduced to 5% CVD / excise duty and NIL SAD subject to actual user condition. [S. No. 17B of notification No. 6/2006-CE inserted vide notification No. 6/2011-CE refers].

84.14 Excise duty/CVD is being reduced from 10% to 5% and Special Additional Duty of customs leviable under Section 3(5) of the Customs Tariff Act, 1975 is being fully exempted on LEDs used for manufacture of LED lights and light fixtures with actual user condition. [S. No. 71C of notification No. 6/2006-CE inserted vide notification No. 6/2011-CE refers].

### Chapter 86

86. The exemption from excise duty on all goods falling under heading 8601 to 8606 (except

Railway track machines falling under tariff item 8604 00 00) is being withdrawn and a concessional duty of 1% without CENVAT credit facility is being imposed on such goods (S.No. 33 of the notification No.06 /2006-C.E. is omitted vide notification No. 06/2011-C.E dated 01.03.2011 refers. S.No. 106 of the notification No.1/2011-C.E dated 01.03.2011 and S.No. 65 of the notification No.2/2011-C.E dated 01.03.2011 refers).

#### Chapter .87

87.1 A Concessional rate of excise duty @ 10% is being given to the Hydrogen Vehicles based on fuel cell technology. (Inserted vide S.No. 42B of the notification No. 6/2011-Central Excise dated 28.02.2011 refers).

87.2 Excise duty is being reduced from 10% to 5% on Hybrid kits for conversion of fossil fuel vehicles to hybrid vehicles. (Inserted vide S.No. 42C of the notification No.6 /2011-Central Excise dated 01.03.2011 refers).

87.3 A Concessional rate of excise duty @ 10% is being extended to factory built ambulances, other vehicles retrofitted as ambulances subsequent to their removal from the factory shall continue to be eligible for refund based concession. (S.No. 34 of the notification No. 6/2006-Central Excise as amended vide S.No. 34 of the notification No. 6/2011-Central Excise dated 01.03.2011 refers).

87.4 The scope for Taxis is being extended to include vehicles carrying 13 persons including driver. Concessional excise duty structure for Taxis is also being rationalized to provide refund of 20% of the excise duty paid on such vehicles, if they are registered as taxi subsequent to removal. (S.No. 34 of the notification No. 6/2006-Central Excise as amended vide S.No. 34 of the notification No. 6/2011-Central Excise dated 01.03.2011 refers).

87.5 The definition for "Hybrid Motor Vehicle" is being modified to exclude micro-hybrid motor vehicles with start & stop technology using battery powered electric motor only for idling. (S.No. 42A of the notification No. 6/2006-Central Excise as amended vide S. No. 42A of the notification No. 6/2011-Central Excise dated 01.03.2011 refers).

87.6 The exemption from excise duty on all goods falling under heading 8712 (Bicycles and other cycles [including delivery tricycles], not motorized) is being withdrawn and a concessional duty @ 1% without CENVAT credit facility is being imposed on such goods. (S.No. 24 of the notification No.10/2006-C.E. is omitted vide notification No. 10/2011-Central Excise dated 01.03.2011 refers. S.No. 107 of the notification No.1/2011-C.E dated 01.03.2011 and S.No. 66 of the notification No.2/2011-C.E dated 01.03.2011 refers).

87.7 A concessional rate of excise duty @ 5% is being extended to specified part of Hybrid motor vehicles, namely, battery pack, battery charger, AC/DC electric motors and motor controllers till 31.03.2013. (S.No. 35A of the notification No. 6/2006-Central Excise as amended vide S.No. 35A of the notification No.6/2011-Central Excise dated 01.03.2011 refers).

#### Chapter 88

88.1 A Tariff rate of 5% is being prescribed for all goods falling under tariff heading 8801 (Balloons and dirigibles; gliders, hang gliders and other non-powered aircraft). However these goods would be subject to the concessional

duty @ 1% without CENVAT credit facility. (Finance bill 2011 and S.No. 108 of the notification No. 1/2011-Central Excise dated 01.03.2011 refers).

88.2 A Tariff rate of 5% is being prescribed for all goods falling under tariff heading 8804 (Parachutes [including dirigible parachutes and paragliders] and rotocutes; parts thereof and accessories thereto). However these goods would be subject to the concessional duty @ 1% without CENVAT credit facility. (Finance bill 2011 and S.No. 109 of the notification No. 1/2011-Central Excise 01.03.2011 refers).

88.3 A Tariff rate of 5% is being prescribed for all goods falling under tariff heading 8805 (Aircraft launching gear; deck-arrestor or similar gear; ground flying trainers; parts of the foregoing articles). However these goods would be subject to the concessional duty @ 1% without CENVAT credit facility. (Finance bill 2011 and S.No. 110 of the notification No. 1/2011-Central Excise 01.03.2011 refers).

#### Chapter 89

89.1 A Tariff rate of 5% is being prescribed for all goods falling under tariff heading 8901 (Cruise ships, excursion boats, ferry-boats, cargo ships barges and similar vessels for the transport of persons or goods). However these goods would be subject to the concessional duty @ 1% without CENVAT credit facility. (Finance bill 2011 and S.No. 111 of the notification No. 1/2011 -Central Excise dated 01.03.2011 refers).

89.2 A Tariff rate of 5% is being prescribed for all goods falling under tariff heading 8904 (Tugs

and pusher craft). However these goods would be subject to the concessional duty @ 1% without CENVAT credit facility. (Finance bill 2011 and S.No. 112 of the notification No. 1/2011-Central Excise dated 01.03.2011 refers).

89.3 A Tariff rate of 5% is being prescribed for all goods falling under tariff heading 8905 (Light-vessels, fire-floats, dredgers, floating cranes, and other vessels the navigability of which is subsidiary to their main function; floating docks; floating or submersible drilling or production platforms). However these goods would be subject to the concessional duty @ 1% without CENVAT credit facility. (Finance bill 2011 and S.No. 113 of the notification No. 01/2011-Central Excise dated 01.03.2011 refers).

89.4 A Tariff rate 5% is being prescribed for all goods falling under tariff heading 8906 90 00 (other vessels , including warships and lifeboats other than rowing boats) except warships. However these goods would be subject to the concessional duty @ 1% without CENVAT credit facility. (Finance bill 2011 and S.No. 114 of the notification No. 01/2011-Central Excise dated 01.03.2011 refers).

89.5 The avilment of CENVAT credit by the ship breakers is being restricted to 85% of the CVD paid at the time of importation of the ships for breaking. (S.No. 3 (1) (b) of the notification No. 3/2011-Central Excise (NT) dated 01.03.2011 refers)

#### Chapter 90

No change

## US Targets India, Brazil for Doha, China Sidelined

Opening up the markets of Brazil, India and other emerging economies through an agreement in the Doha Round of WTO negotiations would play a crucial part in meeting Washington's goal of doubling US exports by 2014, the White House said last Wednesday in its annual economic report.

The report - not to be confused with the US trade representative's trade agenda for 2011, was released by the president's Council of Economic Advisors a day after WTO Director-General Pascal Lamy cautioned government delegates in Geneva that "a major acceleration" in the Doha negotiations was necessary to conclude the nine-year-long talks by year's end. Analysts note that a failure to finalise an accord by then would result in deadlock at least until after the next US presidential elections in November 2012.

"The share of total US exports sent to mature trading partners has been declining for decades," the report noted, while most future export growth is expected to come from emerging economies. For instance, in 2000, a year before China joined the WTO, only 2 percent of US exports were destined for the Chinese market. By 2009, China was the destination of 6.6 percent of US exports, and the fast-growing Asian giant had become America's fourth largest trading partner behind the EU, Canada and Mexico.

In contrast to China, the report said, US exports to Brazil, India, and other emerging markets have "leveled off" since those countries' initial liberalisation programmes in the mid-1990s. Unlike China, Brazil and India were

founding members of the WTO, and did not need to undertake far-reaching market-opening commitments in order to join the global trade body.

The White House report calls for further trade liberalisation commitments from these emerging economies through the Doha Round "not only to enhance opportunities for US exporters...but also to increase opportunities for development-enhancing trade among developing countries."

The report notes that major developing countries like Brazil, India, and China have significantly cut import tariffs over the past 20 years, but remain high compared to US levels. Brazil's implied import tariff is 13.6 percent, India's is 13, and China's is 9.6 compared to the US's 3.5 percent.

The report also cites a World Bank measure for evaluating a country's overall trade restrictiveness, with a higher number meaning more trade restrictions. On this index, Brazil's score is 20.3, India's is 18, and China's is 9.8 while the US has a score of 6.3, the EU 6.4, and Japan 11.3.

The prospect of increasing US exports to these countries and meeting its export goals for 2014 depends in part on how much further they are willing to cut import tariffs, the report said. In addition to the Doha negotiations, the US is in talks on a Trans-Pacific Partnership trade agreement with a number of Pacific Rim nations (some of which already have trade agreements with the US). The US has signed, but not yet ratified, FTAs with Korea, Colombia, and Panama.

### ISPM-15 Certification Mandatory for Wood Packaging Material in Exports

*Subject: Compliance of International Standards for Phytosanitary Measures (ISPM-15) in respect of wood packaging material by exporters.*

13-CBEC 28.02.2011 (DoR) Attention is invited to the provisions of Plant Quarantine (Import of Goods in India) Order, 2003 which outlines

mandatory requirements of compliance of ISPM for imported goods. Accordingly, Board Circular No.39/2004-Customs dated 30.6.2004 and instructions dated 2.4.2009 were issued to Customs field formations to implement the provisions of ISPM compliance.

2. ISPM is International Standards for Phytosanitary Measures as per IPPC convention of FAO to reduce the risk of introduction / or spread of quarantine pest associated with wood packaging material (including dunnage) made of coniferous and non coniferous raw wood, in use in international trade.

3. However, on export side, a large number of export consignments are intercepted by importing countries for non-compliance of ISPM-15 Standards relating to wood packaging materials used for export of materials. It has also been reported by Department of Agriculture and Co-operation that they are receiving numerous notifications regarding interception of consignments due to non-compliance of ISPM-15 standards in respect of export consignments.

4. The DGFT, vide the Notification No 54/2009-2014 dated 3.8.2010 has made it mandatory that export of goods including plant and plant products using wood packaging materials such as pallet, dunnage, crating, packing blocks, drums, cases load boards, pellet collars shall be allowed subject to compliance of ISPM-15.

5. Considering that the large number of agricultural consignments are rejected being non-compliant with international standards and also mandatory requirements of the Notification No.54/2009-2014 dated 3.8.2010 issued by DGFT, it is decided by the Board that all consignments of export packed with wood packag-

ing materials should be allowed clearance only if the wood packaging materials conform to requirements of ISPM-15. The export / imported consignment with wood packaging material are to be inspected by Customs. If any export / imported consignment is found without ISPM-15 mark or with doubtful marking, it should be reported to Plant Quarantine Officer / authorities for taking necessary action.

6. Ministry of Agriculture, Department of Agriculture & Cooperation has also reported that all the agencies authorized to provide ISPM Certification on wood packaging material have been duly accredited by Directorate of Plant Protection, Quarantine & Storage. These agencies issue ISPM-15 certification after providing treatment with Methyl Bromide or Forced Hot Air as per prescribed norms. The list of these accredited treatment providers of Methyl Bromide and Forced Hot Air are available on the Directorate's website [www.plantquarantineindia.org](http://www.plantquarantineindia.org). It is also clarified that exporters should specifically indicate in the Shipping Bill filed for export, the description of packaging material so as to ensure whether any consignment with wooden packaging material warrants mandatory compliance with ISPM-15 standards or not.

7. Board desires that the Customs staff posted at different ports and airports are trained in respect of inspection of wood packaging material for ISPM-15 compliance in respect of export / imported consignments. The periodical training programme should be imparted by NACEN in coordination with Plant Protection Advisor, Faridabad.

8. Suitable trade notice / standing order may be issued to guide the trade and industry.

9. Difficulty, if any, faced in implementation of these instructions may be brought to the notice of the undersigned.

*F.No.450/19/2005-Cus.IV*

### Common Bond for Availing Duty Exemption under Export Promotion Schemes

*Sub: Execution of a Common Bond for specified Export Promotion (EP) schemes.*

11A-CBEC 25.02.2011 (DoR) The authorization holders operating under the Advance Authorization/Duty Free Import Authorization (DFIA) / Export

Promotion Capital Goods (EPCG) schemes are presently, required to execute a bond and a bank guarantee, as applicable, with the Customs authorities at the time of each import. Further, this bond is required to be executed separately for each authorization at different ports in case the goods are being imported from different ports.

2. In this regard I am directed to refer to the report of the Task Force on Transaction Cost in Exports set up by the Government. The report

submitted in January, 2011, recommended that the authorization holders may be permitted to execute a single running bond with Customs authorities for all their imports under any Export Promotion (EP) scheme, from any port in India. The recommendation of the Task Force has since been accepted by the Government.

3. Since the authorization holders have to execute bonds against each authorization under specified EP schemes i.e. Advance Authorization / Duty Free Import Authorization (DFIA) and Export Promotion Capital Goods (EPCG) scheme, it has been decided that henceforth the authorization holders may execute only one common bond for all their exports/imports un-

### Drug Licence and Registration is Mandatory for Drug Imports

*[Ref: F.No. 450/11/2011-Cus.IV dated 25<sup>th</sup> February 2011]*

*Subject: Import of Vitamin 'C' and other bulk drugs by misdeclaration, in huge quantities, resulting into the loss to the National exchequer.*

It has been brought to the notice of the Board by Ministry of Health & Family Welfare that mandatory requirements under Drugs & Cosmetic Act and Rules like drugs registration in Form 41 and Drugs Import Licence Form 10 are not being followed at the time of import of drugs/bulk drugs from unregistered sources in China and clearances of import consignments of drugs/bulk drugs are being allowed by Customs without obtaining NOC from the port offices of Central Drug Control Organisation (CDSCO)/Assistant Drugs Controller (ADC).

2. The Board has taken a serious note of this matter. Accordingly, it is decided that mandatory requirements under Drugs & Cosmetic Act and Rules like drugs registration in Form 41 and Drugs Import Licence Form 10 should be strictly complied with and NOC from CDSO/ADC port offices mandatorily obtained before allowing clearances of import consignments of drugs/bulk drugs.

3. These instructions may be brought to the notice of all the concerned officers by issuing suitable Standing orders/instructions.

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

der the above mentioned EP schemes. This bond shall be called the "Common Bond for EP schemes". The bond shall be executed on the stamp paper of requisite denomination. The salient features of the facility of the Common Bond for EP Schemes are as under:-

(i) The facility shall be available to all fresh authorizations issued under the above mentioned EP schemes on or after 1st March, 2011.

(ii) This facility shall be available financial year wise. In other words, the authorization holder shall be required to execute one common bond in each financial year. The authorization holders who avail the facility of common bond by executing a common bond during March, 2011 shall be required to execute a fresh common bond for authorizations issued after 1st April 2011 during the financial year 2011-12.

(iii) The facility of common bond shall be available if the authorization holder imports/exports all his goods only from Customs ports / airports / ICDs etc. where the ICES 1.5 is fully implemented and the Customs location is duly notified by the DGFT as an EDI port (hereinafter referred to as specified port (s)).

(iv) The common bond should be executed at the port of registration of the first Authorization issued/to be issued in that Financial Year for import of goods from a specified port. The common bond shall be applicable for all authorizations issued in that financial year for imports

from specified ports.

(v) The common bonds are required to be executed IEC wise.

(vi) An authorization holder shall have a choice of executing either a common bond for all import clearances from different ports or of continuing with the existing system of executing different bonds at different ports. However, in case the authorization holder opts for the common bond facility then all imports against all authorizations (under the above mentioned EP schemes) issued in that financial year shall be permitted only under the common bond. In other words, the authorization holder can opt for the common bond at any point of time during the financial year; but once the common bond facility has been opted for, the authorization holder cannot execute separate bonds for authorizations registered subsequently in that financial year.

(vii) In order to use the common bond facility, the authorization holder shall execute the bond at the time of registration of the first authorization for imports through specified ports. The authorization holder shall indicate to the Customs authorities, at the time of registration of authorization, whether a common bond has already been registered with the Customs authorities. If so, then the unique number and the location where such common bond was registered shall be indicated to the assessing officer. This unique bond number shall be entered in the system and shall link the authorization with the common bond. If the common bond has not been executed, then the authorization holder may choose to do so; or else continue with the present practice of executing different bonds for different authorizations. The authorization holder shall give an undertaking to the Customs authorities, at the time of registration, that the authorization is not registered elsewhere.

(viii) The bond value shall be decided by the authorization holder keeping in mind the likely imports against authorizations issued in that financial year. Once a common bond has been executed and the authorization registered against it, the imports against such authorization shall be permitted as per the time limits prescribed in the concerned EP scheme. If the bond value is exhausted, it shall be topped up by the authorization holder at the port where the common bond was executed. At the time of topping up, the authorization holder shall ensure that the stamp duty applicable to new bond is paid. For this purpose, the authorization holder shall furnish a crossed stamp paper of requisite denomination to the Customs authorities.

(ix) In case any Bank Guarantee is required, the authorization holder need not furnish the entire Bank Guarantee at the time of executing the bond. The Bank Guarantee may be furnished as and when the goods are imported and the benefits of concessional duties availed. While executing the bond, the authorization holder shall indicate whether the benefits of reduced Bank Guarantee is being claimed in terms of circular number 58/04-Customs (as amended). The Customs authority accepting

the bond shall check the eligibility of the authorization holder and indicate the applicable quantum of Bank Guarantee. The assessing officer at the port of import shall independently arrive at the quantum of Bank Guarantee to be furnished by the importer / authorization holder and shall satisfy himself that the authorization holder / importer has furnished adequate Bank Guarantee before the imports are permitted. In case it is felt that the importer has to furnish some more bank guarantee, the importer / authorization holder shall be so advised by the assessing officer. The additional Bank Guarantee thereafter shall be furnished by the importer.

(x) The Bank Guarantees shall be furnished by the authorization holder only at the port where the common bond has been executed. This is considered mandatory so as to ensure that the common bond and the Bank Guarantees linked to the common bond are all kept physically together. The Bank guarantees linked to a Common Bond would not be accepted at Customs locations other than the location where the Common Bond is executed. The authorization holder shall ensure that the Bank Guarantee furnished by him to the Customs authorities remains alive during the life of the bond. The Customs authorities at the port where the common bond has been executed shall also monitor the bank guarantees and take action in case the bank guarantee expires.

(xi) Once a Common Bond has been executed along with the first authorization at a particular Customs port, the subsequent authorizations need to be registered at the port mentioned on the authorization. This port may be different from the port where the common bond was executed.

(xii) The authorization holder, at the time of import, shall indicate the authorization number against each item in his Bill of Entry. The EDI system shall check whether the IEC number of the importer, the IEC of the bond holder (the person who has executed the bond) and the IEC of the Authorization holder are same and shall only permit imports, thereafter. The system shall debit the common bond Authorization wise.

(xiii) The authorization holder, at the time of export, shall indicate the authorization number in his Shipping Bill. The authorization holder shall fulfill the export obligation and comply with all the conditions stipulated in relevant Customs notifications and the Foreign Trade Policy under which the goods have been imported. Although the primary responsibility of monitoring the EO under the above mentioned schemes lies with the RA/DGFT officials, the Customs officers at the port where the authorizations have been registered shall also monitor the Export Obligation (EO) under these schemes in terms of the conditions of the relevant Customs Notifications and the Board's circulars and instructions issued from time to time. Once the Export Obligation Discharge Certificate (EODC) is received from the DGFT for an authorization the Customs officials at the port where the authorization is registered shall, if required, check the import / export details, close the authorization and inform the Customs authorities at the port

## Corrigendum to 21/2011 dated 1 March 2011

### [Corrigendum to 21/2011 dated 3<sup>rd</sup> March 2011]

In the notification of the Government of India in the Ministry of Finance (Department of Revenue), No. 21/2011-Customs dated the 1<sup>st</sup> March, 2011 published in the Gazette of India, Extraordinary, Part II, Section 3, Sub-section (i) vide number G.S.R. 147 (E), dated the 1<sup>st</sup> March, 2011, in item II(xxxiv),-

(i) for "491" read "491B"

(ii) in the Table, in column (1), for "491A" read "491C".

[F. No. 334/3/2011-TRU]

where the common bond was executed so that the Bank Guarantee can be released and the bond discharged to that extent. The common bond shall be alive till all the EODCs against all the authorizations registered against that common bond have been received.

(xiv) In case of default in fulfillment of Export obligation or non-compliance of the terms and conditions of Customs Notification(s), the requisite action to safeguard Government revenue shall be taken by the Customs authorities at the port of registration of the authorization. For this purpose, the Customs authorities at the port of registration of the authorization may seek details of the common bond and/ or bank guarantee from the port where they were executed. The action to safeguard revenue may include denial of the benefit of exemption from the bank guarantee for future imports under the above mentioned schemes in terms of para 3.2 of the circular No. 58/2004-Cus dated 21-10-2004 (as amended).

(xv) The opinion of Law Ministry on legal implications of a single Bond across different customs locations was sought in a similar issue. The Ministry of Law and Justice had clarified that since the Bond is executed in favour of President of India, the same is enforceable by any authorised Commissioner (Customs).

(xvi) The format of "Common Bond for EP Scheme" is annexed herewith.

5. The existing Bond sections in the Custom Houses may be suitably strengthened to implement these instructions.

6. The ICES 1.5 has been suitably modified to support the proposed scheme. The Directorate of Systems shall be issuing separate instructions in respect of the new module for the convenience of the staff.

7. These instructions may be brought to the notice of the officers and trade by issuing suitable instructions / public notice. Difficulties faced, if any in implementation of the Instructions may please be brought to the notice of the Board at an early date.

F.No. 605/39/2010-DBK

[Annexure of this Notification is available at our website [www.worldtradescanner.com](http://www.worldtradescanner.com)]

## Exchange Rates for Customs Valuation

### IMPORTS and EXPORTS

The current notification No. 14-Customs(NT) dated 24<sup>th</sup> February 2011 supersedes notification 06-Customs(NT) dated 27<sup>th</sup> January 2011.

14-Cus(NT) In exercise of the powers conferred by section 14 of 24.02.2011 the Customs Act, 1962 (52 of 1962), and in (DoR) supersession of the notification of the Government of India in the Ministry of Finance (Department of

Revenue) **No.06/2010-CUSTOMS (N.T.), dated the 27th January, 2011** vide number S.O. 176(E), dated the 27<sup>th</sup> January, 2011, except as respects things done or omitted to be done before such supersession, the Central Board of Excise and Customs hereby determines that the rate of exchange of conversion of each of the foreign currency specified in column (2) of each of Schedule I and Schedule II annexed hereto into Indian currency or vice versa shall, **with effect from 1<sup>st</sup> March, 2011** be the rate mentioned against it in the corresponding entry in column (3) thereof, for the purpose of the said section, relating to imported and export goods.

SNo	Currency	Imported Goods		Exported Goods	
		Current	Previous	Current	Previous

#### Schedule I – Rate of exchange of one unit of foreign currency equivalent to Indian rupees

1	Australian Dollar	46.05	45.85	44.65	44.60
2	Canadian Dollar	46.40	46.55	45.10	45.15
3	Danish Kroner	8.45	8.50	8.15	8.20
4	EURO	62.80	62.95	61.10	61.25
5	Hong Kong Dollar	5.85	5.90	5.75	5.75
6	Norwegian Kroner	8.15	8.00	7.85	7.75
7	Pound Sterling	74.15	73.75	72.20	71.85
8	Swedish Kroner	7.15	7.05	6.90	6.80
9	Swiss Franc	49.00	48.60	47.65	47.30
10	Singapore Dollar	35.85	36.05	34.90	35.05
11	US Dollar	45.70	45.95	44.75	45.05

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

1	Japanese Yen	55.60	56.00	53.95	54.30
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[F.No.468/4/2011-Cus.V]

### Excisability of Bagasse

Subject: - Clarification regarding excisability of Bagasse prior to the budget of 2008.

941-CBEC Attention is invited to Board's circular No. 904/24/09-CX 14.02.2011 dated 28.10.2009 wherein the field formations were (DoR) directed to keep the cases of the excisability of bagasse for the period prior to the budgetary changes of 2008 in call book till department's appeal is decided in the case of Balrampur Chinni Mills Ltd.

2. The Civil Appeal filed by the department in the case of M/s Balrampur Chinni Mills Ltd. has been dismissed by the Hon'ble Supreme Court on 21.7.2010. Accordingly the cases pending for the period prior to budgetary changes of 2008 in respect of excisability of Bagasse may be taken out from the Call Book and decided in the light of the law decided by the Apex Court.

3. It is, however, clarified that the aforesaid decision of the Apex Court will not have any bearing on the clarification given in the aforesaid circular of 2009 in respect of the period after the budgetary changes of 2008 when the definition of the "excisable goods" was amended in the Central Excise Act.

4. Trade and Industry may be informed.

F No. 17/02/2009-CX-I

### Commodity Spot Prices in India – 07-09 March 2011

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

						(Rs.)
Commodity	Unit	Market	7-Mar	8-Mar	9-Mar	
CER (Carbon Trading)	1 MT	Mumbai	753	752.5	751	
Chana	100 KGS	Delhi	2495	2500	2528	
Masur	100 KGS	Indore	3188	3237	3276	
Potato	100 KGS	Agra	732.8	734.8	737.9	
Potato TKR	100 KGS	Tarkeshwar	600.8	596.3	600	
Arecanut	100 KGS	Mangalore	NA	NA	NA	
Cashewkern	1 KGS	Quilon	NA	NA	NA	
Cardamom	1 KGS	Vandanmedu	1037.3	1067.3	1130	
Coffee ROB	100 KGS	Kushalnagar	NA	NA	NA	
Jeera	100 KGS	Unjha	NA	NA	NA	
Pepper	100 KGS	Kochi	NA	NA	NA	
Red Chili	100 KGS	Guntur	NA	NA	NA	
Turmeric	100 KGS	Nzmbad	11763	11788	11786	
Guar Gum	100 KGS	Jodhpur	NA	NA	NA	
Maize	100 KGS	Nzmbad	1089	1097.5	1097.5	
Wheat	100 KGS	DELHI	1334.6	1328.8	1329.6	
Mentha Oil	1 KGS	Chandausi	1215.3	1208.9	1213	
Cotton Seed	100 KGS	Akola	NA	NA	NA	
Castorsd RJK	100 KGS	Rajkot	5069.5	5048.5	5042.5	
Guar Seed	100 KGS	Bikaner	2704	2760	2823	
Soya Bean	100 KGS	Indore	2400	2375	2370	
Mustrdsd JPR	20 KGS	Jaipur	566.95	560.2	559.4	
Sesame Seed	100 KGS	Rajkot	5200	5175	5163	
Coconut Oil Cake	100 KGS	Kochi	NA	NA	NA	
RCBR Oil Cake	1 MT	Raipur	NA	NA	NA	
Kapaskhali	50 KGS	Akola	1170	1158	1153	
Coconut Oil	100 KGS	Kochi	9256	9256	9256	
Refsoy Oil	10 KGS	Indore	630	621.1	621.05	
CPO	10 KGS	Kandla	549.2	543.3	542.7	
Mustard Oil	10 KGS	Jaipur	593.5	584.5	588.5	
Gnutoilexp	10 KGS	Rajkot	750	750	740	
Castor Oil	10 KGS	Kandla	NA	NA	NA	
Crude Oil	1 BBL	Mumbai	4698	4759	4729	
Furnace Oil	1000 KGS	Mumbai	NA	NA	NA	
Sourcrd Oil	1 BBL	Mumbai	NA	NA	NA	
Brent Crude	1 BBL	Mumbai	5217	5192	5091	
Gur	40 KGS	Muzngr	NA	NA	NA	
Sugars	100 KGS	Kolhapur	2720	2720	2710	
Sugarm	100 KGS	Delhi	2929	2945	2930	
Natural Gas	1 mmBtu	Hazirabad	171.4	177.2	174	
Rubber	100 KGS	Kochi	22707	22000	21497	
Cotton Long	1 Candy	Kadi	NA	NA	NA	
Cotton Med	1 Maund	Sriganganagar	NA	NA	NA	
Jute	100 KGS	Kolkata	3481	3487.5	3504.5	
Gold	10 GRMS	Ahmd	21087	21055	20943	
Gold Guinea	8 GRMS	Ahmd	16937	16912	16821	
Silver	1 KGS	Ahmd	54080	54000	53800	
Sponge Iron	1 MT	Raipur	NA	NA	NA	
Steel Flat	1000 KGS	Mumbai	NA	NA	NA	
Steel Long	1 MT	Gobindgarh	29860	29840	29640	
Copper	1 KGS	Mumbai	444.9	430.5	430.7	
Nickel	1 KGS	Mumbai	1287.4	1236.9	1206.6	
Aluminium	1 KGS	Mumbai	114.35	114.75	115.75	
Lead	1 KGS	Mumbai	118.25	116.7	116.6	
Zinc	1 KGS	Mumbai	108.8	105.65	107.8	
Tin	1 KGS	Mumbai	1432.5	1384.25	1376	

(Source: MCX Spot Prices)

**The following Notifications to be covered in the next issue of the Weekly Index of Changes with World Trade Scanner**

Online Payment for DBK/TED Refund Claims by RAs of DGFT – 22-Pol.Cir/21.02.2011  
Duty Scrip Benefit on Cotton Powerloom – Tufted Bathmats under FPS for Exports made from 23.02.2009 – 23-Pol.Cir/21.02.2011

Procedure to Obtain Export Licence for Value Added Special Yarn – 24-Pol.Cir/22.02.2011

Onion Exports – MEP on FOB Basis only – 25-Pol.Cir/22.02.2011

Transitional Arrangements is not Applicable for Export Ban of Milk Powder and Casein– 25-Ntnf(RE)/24.02.2011

Indian Origin Natural Honey Export to EU Allowed – 26-Ntnf(RE)/28.02.2011

Wheat Quota of 1 Lakh MTs to Afghanistan for FCI – 27-Ntnf(RE)/28.02.2011

Declaration Required for Claiming TED and Drawback Refund – 28-Ntnf(RE)/01.03.2011  
MEP of Onions Reduced to US \$450/MT FOB for US \$600/MT – 29-Ntnf(RE)/01.03.2011

Antimony Triacetate SION Amended – 28-PN(RE)/11.02.2011

Advance Authorisation Procedure for Pharma Products under Non-Infringing Process– 29-PN(RE)/14.02.2011

Amendments in Advance Authorisation for Annual Requirement – 30-PN(RE)/14.02.2011

Export Obligation Period under Advance Authorization Scheme – 31-PN(RE)/14.02.2011

Handicrafts and Handloom Exporters of J&K can Obtain RCMC from Director Handicrafts J&K– 32-PN(RE)/15.02.2011

New Export Incentives for VKGUY/FPS etc – 33-PN(RE)/15.02.2011

Corrections in Public Notice No. 33 dated 15.02.2011 – 34-PN(RE)/25.02.2011

Amendments in Handbook of Procedures – 35-PN(RE)/01.03.2011

Procedure for Export of Sona Masuri, Ponni Samba and Matta Rice – 36-PN(RE)/01.03.2011

Raw Cotton Exports – Sample Email for Submission of Documents Against RCs – 06-TN/04.03.2011

Seizure of Iridium, Ruthenium, Memory Cards, Stone Beeds, Watches etc. Collectively Value At Rs. 2.28 Crore – Press Release/28.02.2011

Zero Excise on Vaccines Specified under National Immunisation Program – 19-CE/03.03.2011

**Full text of the above Notifications are available at our Website [www.worldtradescanner.com](http://www.worldtradescanner.com)**

**Customs Duty Exemption Benefit to BCCI**

09-CBEC 21.02.2011 (DoR) Your Kind attention is invited to Board's Circular No.5/2011- Customs dated 17.1.2011 wherein it was informed that,

since BCCI has ceased to be a National Sports Federation or Apex Body for the game of Cricket in India, BCCI would not be eligible for the benefit of Notification No.21/2002-Cus. dated 1.3.2002 or any other Customs notification. For the purpose of removal of doubts, it is clarified that, the ineligibility indicated therein, of BCCI or any one certified by BCCI, applies wherever BCCI claims a notification benefit by virtue of being National Sports Federation / Apex Body controlling the game of Cricket.

2. Further, the Ministry of Youth Affairs and Sports informed that they have issued a few certificates to the Board of Control for Cricket in India (BCCI) for duty free import of various items under Notification No.3/89-Customs dated 9.1.1989. The issue has been examined by the Board, and accordingly it is clarified that, in terms of condition 1 (b) of the notification 3/89-Cus dated 9.1.1989, it is essential that the Ministry should be administratively concerned with the event. Since BCCI is not recognized as an Apex Body or National Sports Federation, and the Ministry of Youth Affairs and Sports has no administrative concern with the event of ICC World Cup, 2011, the benefit of Notification No.3/89 – Cus. dated 9.1.1989 is also not applicable to the imports made by the BCCI or any one certified by the BCCI.

**Recredited DEP B for 4% SAD – Time Limit Extended upto 30 June 2011**

*Subject: Refund of 4% CVD (SAD)-Extension of time upto 30<sup>th</sup> June, 2011 for using re-credited 4% CVD (SAD) amount in DEP B.*

11-CBEC 24.02.2011 (DoR) Your kind attention is invited to the Circular No.27/2010- Customs, dated 13.08.2010 regarding procedure on refund

of 4% CVD (SAD). The above Circular provides the facility of manual filing of Bill of Entry for utilizing the amount of re-credited 4% CVD (SAD) refunds for payment of duty in case of re-credited DEP B / Reward Scheme scrips upto 30.12.2010. However several representations have been received from trade and industry to extend the time upto 30th June, 2011 for using re-credited 4% CVD (SAD) amount in DEP B as they have not been able to utilize the re-credited DEP B / Reward Scheme scrips within the stipulated time.

2. The matter has been examined in consultation with Ministry of Commerce. Accordingly, it has been decided to extend time limit for using re-credited DEP B / Reward Scheme scrips in case of 4% CVD (SAD) upto **30th June, 2011**.

3. A suitable Public Notice and Standing Order may be issued for the guidance of the trade and staff.

*F.No.401/46/2008-Cus.III(Pt.)*

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