Basic Chemicals, Cosmetics &
Dyes Export Promotion Council
(Set - up by the Ministry of Commerce & Industry Government of India)

CHEMEXCIL NEWS

Issue December, 2018 - January , 2019

CAP INDIA 2019

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Chemexcil's Interactive Meeting with Shri Rajneesh, IAS, Joint Secretary (E&MDA Divn & FT-ASEAN Region) Ministry of Commerce & Industry on ASEAN specific export related issues Interactive Meeting

IN THIS ISSUE

Editorial

Chairman's Desk

My dear fellow exporters,

"We are very much thankful to the Department of Commerce and Industry for taking best efforts in considering the following important issues for MAI scheme which were the concerns of many of our member-exporters.

- Increasing the ceiling of reimbursement of registration charges from **Rs 50 lakhs to Rs 2 crore per annum per exporter**
- Inclusion of additional components in para 4.2. of the MAI scheme specially reimbursement of registration charges of cosmetics products, Data generation / letter of access cost including study cost, data purchase cost, research on existing data, data evaluation, consultancy cost, study monitoring cost etc. for the chemicals / agrochemicals & cosmetics products.

The above decision taken by the Ministry will no doubt be beneficial for our member-exporters to meet part of their major registration costs incurred to them abroad which will eventually boost not only their exports but the country's export also.

I am glad to inform you about the JNCH (The Jawaharlal Nehru Custom House), Implementation of Paperless Processing under SWIFT- Uploading of Supporting Documents (eSANCHIT) in Exports, my office has already disseminated the detailed information to you all.

Ministry of Finance, Department of Revenue, Government of India has notified Revised All Industry Rates of Duty Drawback. The notification came in to effect from 19th December, 2018. The revised AIR DBK rates for few items (under our purview) have been increased in Chapter 29, 32, 33, 38 etc.

Governments of India and Iran have entered into an arrangement for settlement of bilateral trade payments between both the countries. The Salient features of this agreement is already disseminated to you all.

RBI has released guidelines on restructuring of advances to MSMEs. The important points of these guidelines are as under:

- RBI has decided to permit a one-time restructuring of existing loans to MSMEs that are in default but 'standard' as on January 1, 2019, without an asset classification downgrade.
- To be eligible for the scheme, the aggregate exposure, including non-fund based facilities of banks and NBFCs, to a borrower should not exceed ₹250 million as on January 1, 2019.
- The restructuring has to be implemented by March 31, 2020.
- A provision of 5% in addition to the provisions already held, shall be made in respect of accounts restructured under this scheme.
- Each bank/NBFC should formulate a policy for this scheme with Board approval which shall, inter alia, include framework for viability assessment of the stressed accounts and regular monitoring of the restructured accounts.

The Cabinet Committee on Economic Affairs (CCEA) chaired by the Honourable Prime Minister Shri Narendra Modi, has given its approval to the proposal of the Department of Commerce for including merchant exporters under the Interest Equalisation Scheme (IES) for Pre and Post Shipment Rupee Export Credit by allowing them interest equalisation rate of 3% on such credit for export of products covered under 416 tariff lines identified under the scheme. These products are largely in MSME/ labour intensive sectors such as Agriculture, Textiles, Leather, Handicraft, machinery, etc.

As you are aware, pre-import condition for exemption of IGST on import under Advance Authorization/ EPCG has been a long-standing issue amongst the exporters. The Council has regularly taken up this issue with all the concerned authorities for deletion of the pre-import condition.

Taking cognizance of the representations of the Council/Trade, the O/o Directorate General of Foreign Trade, New Delhi has issued Notification No 53/2015-20 dated 10/01/2019 regarding Amendment in Para 4.14 and 4.16 (ii) of the Foreign Trade Policy 2015-20 .

As an effect of this notification, Para 4.14 of FTP 2015-20 is amended to remove pre-import condition to avail exemption from Integrated Tax and Compensation Cess and exemption from Integrated Tax and Compensation Cess is also extended to deemed supplies.

I have sent the representation of Request for retrospective applicability of DGFT Notification No 53/2015-20 dated 10/01/2019 and DOR Notification No.01/2019 Dt. 10.01.2019 regarding removal of Pre-import condition for exemption of IGST & Compensation Cess on import under Advance Authorization to Shri. Suresh Prabhuji, Hon'ble Minister for Commerce & Industry, Government of India and the reply for the same is awaited.

As regards trade promotion measures are concern, the Council organized an Awareness Seminar on Managing Forex Risk in Volatile Market" in association with Edelweiss Forex in Mumbai. The 3rd Meeting of the Committee of Administration for the year 2018-19 was held on 21/12/2018 at Hotel Sahara Star, Mumbai. The 2nd Executive Committee meeting of CAPINDIA 2019 was held on 21/12/2018 at Hotel Sahara Star, Mumbai. An Interactive Meeting was organized with Members who are exporting Agro Chemicals on 28/12/2018 at Gujarat Dyestuff Manufacturers' Association (GDMA), Ahmedabad. An Interactive session for MSME Exporters on 'Export Finance: The Easy Solution for your Working Capital Needs' in association with M/s. Drip Capital Services was organized on 24/01/2019 in Mumbai.

An interactive meeting had been called upon by Shree Rajneesh, IAS, Jt. Secretary (E&MDA Divn. & FT-ASEAN REGION), MoC&I with Chemexcil members on 31/01/2019 at Chemexcil Mumbai office to deliberate on ASEAN specific export related issues. The objective of the meeting was to understand the impediments faced by the exporters while exporting to ASEAN region and the support needed from the government.

I would like to inform that after three successful editions, CAPINDIA 2019, an initiative of the Department of Commerce, Government of India is being organized to once again promote India as a reliable and leading competitive source for Chemicals, Plastics, Construction, Mining and Allied Products. This is being organized in collaboration with Plastics Export Promotion Council (PLEXCONCIL), Basic Chemicals, Cosmetics and Dyes Export Promotion Council (CHEMEXCIL), Chemicals & Allied Products Export Promotion Council (CAPEXIL) and Shellac and Forest Products Export Promotion Council (SHEFEXIL), and is scheduled from March 26th -28th, 2019 at Hall No 1, Bombay Exhibition Centre, Mumbai. There will be 500 exhibitors comprising of manufacturer- exporters of chemicals, plastics, Mining chemicals and allied products and we are planning to invite more than 400 foreign buyers from different parts of the world. As a Chemexcil member, I believe your participation will add much value to the show in terms of showcasing the capabilities and advancement of Indian industries for Chemicals. I request all members to actively participate in this event and make this event a grand success.

Friends, the DGCI&S trade data pertaining to items under Chemexcil's purview showed exports for December 2018 were valued at USD 1.689 billion with a growth of 5.16 per cent. Cumulative value of exports for the period April-December 2018 was USD 14.291 Billion registering a growth of 25.23 percent over the same period last year. Imports for the month of December 2018 were valued at USD 1.817 billion representing a growth of 1.2 percent. Cumulative value of imports for the period April-December 2018 was USD 18.72 billion registering a growth of 21.47 per cent over the same period last year. The trade deficit for December 2018 was estimated at USD 0.128 billion.

I hope you will find this news bulletin informative and useful. The secretariat looks forward to receiving your valuable feedback and suggestions which will help us to further improve this bulletin.”

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Comparison of GHS & Transport Classification

Shashi Kallada
Consulting & Training - Dangerous Goods by Rail, Road, River & Sea

Origin of Transport Regulations

The first edition of Transport Regulations was published in 1956 titled "*Recommendations on the Transport of Dangerous Goods*". Over the years it evolved with regular amendments and Revision 20th edition is the latest one published in the year 2017.

UN Model Regulations has two parts, *Recommendations on the Transport of Dangerous Goods* and the *Manual of Tests and Criteria*.

Implementation of Transport Regulations

The Orange Book, (color of book is Orange) "Recommendations on the Transport of Dangerous Goods, Model Regulations" of United Nations is implemented through other UN Bodies and National Governments into Modal Regulations such as – IMO - International Maritime Dangerous Goods Code (**IMDG Code**), ICAO – Technical Instructions for The Safe Transport of Dangerous Goods by Air (**TI**) , ECE - European Agreement concerning the International Carriage of Dangerous Goods by Inland Waterways (**ADN**), ECE - European Agreement concerning the International Carriage of Dangerous Goods by Road (**ADR**), Convention concerning International Carriage by Rail (**COTIF**), Appendix C-Regulations concerning the International Carriage of Dangerous Goods by Rail (**RID**)

Some countries have adopted UN Model Regulations into their national jurisdiction such as U.S.A – **49 CFR** Parts 100 to 185, Canada – **TDG**, Australia – **ADG** et cetera.

Origin of GHS

The origin of Globally Harmonized System of Classification and Labelling of Chemicals (GHS) is from Rio Conference of in 1992 by coordinated work with International Labour Organization (ILO), the Organization for Economic Co-operation and Development (OECD), various governments and other stakeholders to align and harmonize the criteria for classification and standard for labelling of dangerous goods and hazardous substances.

1st edition of GHS (Purple Book), was published in 2005, the latest edition is Revision 7 published in the year 2017.

Harmonization & Differences

Transport regulations are harmonized with GHS standard for classification of dangerous goods. Latest Transport Regulations such as ADR & IMDG Code is aligned with GHS revisions.

Transport Regulations Classifies Dangerous Goods into 9 Classes and Environmentally hazardous substances. Some of these classes are subdivided into divisions. GHS identifies substances, materials and articles into three groups, Physical Hazard, Health Hazard and Environmental Hazards.

GHS & Transport Classification Criteria

GHS Classification	Transport Classification(UN Model Regulations)
Unstable explosives	Not allowed for transport
Explosives Division 1.1, 1.2, 1.3, 1.4, 1.5, 1.6	Class 1, Division 1.1, 1.2, 1.3, 1.4, 1.5, 1.6
Flammable gases, Category 1	Class 2, Division 2.1
Flammable gases, Category 2	Not dangerous
Flammable aerosols, Category 1, 2	Class 2
Oxidizing gases, Category 1	Class 2, Division 2.2
Gases under pressure	Class 2, Division 2.2
Flammable liquids, Category 1, 2, 3	Class 3, Packing group I, II, III

GHS Classification	Transport Classification(UN Model Regulations)
Flammable liquids, Category 4	Not dangerous
Flammable solids, Category 1, 2	Class 4, Division 4.1, Packing group II, III
Self-reactive substances and mixtures, Type A	Class 4, Division 4.1, Type A - Not allowed for transport
Self-reactive substances and mixtures, Type B, C, D, E, F, G	Class 4, Division 4.1, Type B, C, D, E, F, G
Pyrophoric liquids, Category 1	Class 4, Division 4.2, Packing group I
Pyrophoric solids, Category 1	Class 4, Division 4.2, Packing group I
Self-heating substances and mixtures, Category 1, 2	Class 4, Division 4.2, Packing group II, III

GHS Classification	Transport Classification(UN Model Regulations)
Substances and mixtures which, in contact with water, emit flammable gases, Category 1, 2, 3	Class 4, Division 4.3, Packing group I, II, III
Oxidizing liquids, Category 1, 2, 3	Class 5, Division 5.1, Packing group I, II, III
Oxidizing solids, Category 1, 2, 3	Class 5, Division 5.1, Packing group I, II, III
Organic peroxides, Type A	Class 5, Division 5.2, Type A- Not allowed for transport
Organic peroxides, Type B, C, D, E, F, G	Class 5, Division 5.2, Type B, C, D, E, F, G
Corrosive to metals, Category 1	Class 8, Packing group III
Acute toxicity, Category 1, 2, 3	Class 6, Division 6.1, Packing group I, II, III
Acute toxicity, Category 4, 5	Not dangerous
Skin corrosion/irritation, Category 1, Sub-category 1A, 1B, 1C	Class 8, Packing group I, II, III
Skin corrosion/irritation, Category 2, 3	Not dangerous

GHS Classification	Transport Classification(UN Model Regulations)
Hazardous to the aquatic environment, Category acute 2, acute 3, chronic 3, chronic 4	Not dangerous
Hazardous to the ozone layer	Not dangerous

Hazards – Not covered by GHS

Following Hazards are not covered by GHS

a) Infectious Substances;

b) Radioactive Materials;

c) Other dangerous substances (such as: elevated temperature substances, genetically modified microorganism, lithium batteries, etc.).

Hazards – Not covered by Transport Regulations

Following Hazards are not covered by Transport Regulations

a) Eye damage/eye irritation

b) Respiratory or skin sensitization,

c) Germ cell mutagenicity

GHS Classification	Transport Classification(UN Model Regulations)
Serious eye damage/eye irritation, Category 1, 2A, 2B	Not dangerous
Respiratory or skin sensitization, Category 1	Not dangerous
Germ cell mutagenicity, Category 1A, 1B, 2	Not dangerous
Carcinogenicity, Category 1A, 1B, 2	Not dangerous
Reproductive toxicity, Category 1A, 1B, 2	Not dangerous
Specific target organ toxicity single exposure, Category 1, 2, 3	Not dangerous
Specific target organ toxicity repeated exposure, Category 1, 2	Not dangerous
Aspiration hazard, Category 1, 2	Not dangerous
Hazardous to the aquatic environment, Category acute 1, chronic 1, chronic 2	Class 9 – Environmentally Hazardous Substances

d) Carcinogenicity

e) Reproductive toxicity

f) Hazardous to the ozone layer

Communication in Transport Regulations & GHS

Transport Regulations	Globally Harmonized System of Classification and Labelling
• 9 Hazard Classes - Divided into divisions • Hazard Labels • Dangerous Goods Declaration / Manifest	• Physical, Health and Environmental hazard • 9 Pictograms • 2 Signal words “Danger” or “Warning “ • 72 individual and 17 combined Hazard statements • 116 individual and 33 combined Precautionary statements • Safety Data Sheet

Have you aligned your SDS, Pictograms & Labels with Latest GHS & Transport Regulations?

Merchant Export – A Complete Analysis

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What is Merchant Export?

Merchant Export is a popular term used in Foreign Trade, is a method of **Trading Export** which is equally important to the manufacturer-exporter. The person who is engaged in the merchant export is called as **'Merchant Exporter'**.

"**Merchant Exporter**" means a person engaged in trading activity and exporting or intending to export goods. They may not have their own manufacturing unit or processing facility.

Merchant Exporters are instrumental in a boosting of country's exports especially products from MSME and small manufacturers. Merchant exports generates the foreign exchange for the Country like normal exports and is mainly engaged in export of goods and not services.

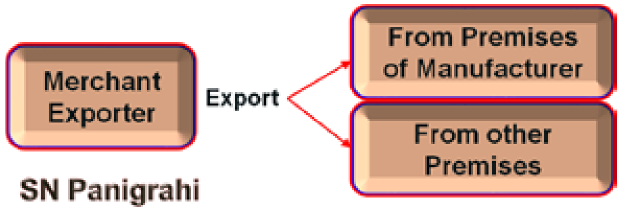
Merchant Exporters account for around 35 percent of the total exports, help boost outbound Merchandise Shipments.

Merchant Exporters receives orders from international market and then procure goods from the Indian manufacturers mostly from MSME / labour-intensive sectors such as agriculture, textiles, leather, handicraft and machinery and sell them abroad in their firm's name.

Merchant Exporters are usually able to negotiate prices with buyers, sellers and shipping lines which are more competitive and better than regular exporters.

Since they procure mostly from MSMEs, thereby help in increasing production of MSME giving a fillip to employment generation as MSMEs are generally in the employment-intensive sectors.

Merchant Exporter can export the goods either directly from the premises of the manufacturer, with or without sealing of the export consignments, or through his premises under claim for rebate or under bond.



Specialization of Merchant Exporters

- Merchant Exporters have generally **intimate knowledge of export markets and exportable products**.
- They may **have extensive contact network** all over the specific regions / markets in the world and have **access to focused markets**.
- They usually have a system of **gathering market information** and **keep a close watch on market trends**.
- The nature of their business makes it possible for them to **assess the marketability of products and the prospects of their success**.
- They often **specialize in certain commodities or in certain regions / areas**.
- Merchant exporters Buy and Sell on their own account and thus **assume the risks involved in exporting.**
- Merchant exporters are usually **well financed** and they usually **extend pre-shipment finance to supporting manufacturers**.
- They may have **technical and commercial expertise** who can **guide on product development, packing, inspection, regulatory and other related aspects of exports.**
- They often have **specialized resources** and may have their own Shipping, Documentation and

Insurance Department and also may maintain their branches at port towns and in important centers abroad.

- In addition, merchant exporters often co-operate with producers in developing countries to adapt products, for instance, by ***providing product specification giving designs and styling guidance, offering in quality control, and counseling on packaging, labeling and shipping***.

- Merchant Exporters have the flexibility to procure goods from many sellers and sell them after negotiating the best prices to foreign buyers. Therefore they generally Accommodate & Encourage New / First Time Suppliers

This method of exportation through Merchant Exporters is useful when the company is small and lacks expertize in exporting and it's related nitty-gritties, therefore, not in a position to start exports on its own.

Advantages of Exporting through Merchant Exporters

Merchant Exporting is more suitable for a small company which does not possess adequate financial and managerial resources required for making a successful entry in to a foreign market.

The main advantages are:

- The merchant exporter **takes care of all botherations** involved and **assumes all sales and credit risks**

- Export merchants usually **finance manufacturers** against purchase of their goods. Hence their capital is not tied up.

- The firm **does not have to spend money on market research or on setting up branches abroad.**

- They are frequently arranges overseas buyers and **provide sales opportunities**

- The manufacturer is free to concentrate on production and **not to bother about export marketing** and **other export formalities.**

- Export entry through merchant exporters is the **easiest and least costly**.

- Selling through such merchant exporters automatically ensures that the goods will reach the important distributors and through them down the distribution system and therefore **enable penetration of product and brand image in the overseas markets**

Merchant Exports under GST

In GST Regime there is **No Exemptions** like Excise Duty Exemption against CT-1 / ARE -1 and Exemption of CST against H-Form and VAT in many States in the Pre-GST regime. **The manufacturer would be liable to pay CGST + SGST or IGST.** The Merchant Exporter is Eligible for taking ITC.

Since Merchant Exporter has to Procure Goods on Payment of GST, it Creates **<u>Problem of Working Capital</u>** (though ITC is allowed).

Merchant Exporter Procuring from Domestic Supplier at **<u>Concessional Rate of GST</u>**

In a Major Relief to the Merchant Exporters, **<u>Partial Exemption of GST</u>** was Provided on Procurement from Domestic Suppliers, **w.e.f 23rd October, 2017 vide below Notifications.**

Notification No. 40/2017-Central Tax (Rate), 23rd October, 2017

Notification No. 41/2017--Integrated Tax (Rate), 23rd October, 2017

Now Merchant Exporters can Procure from Domestic Suppliers at Concessional Rate of <u>GST @ 0.10% subjective condition that they Export the Goods so Procured within 90 days</u> from the date of issue of Tax Invoice.

Conditions for availing Concessional Rate of GST:

The Supplier to Merchant Exporter Need to be Registered & Goods need to be supplied on a **<u>Tax Invoice charging GST @ 0.10%</u>**

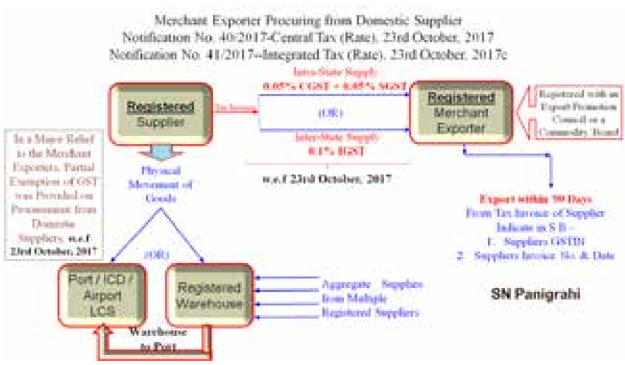
- Such goods shall be **<u>Exported within 90 days</u>** from the date of issue of tax invoice

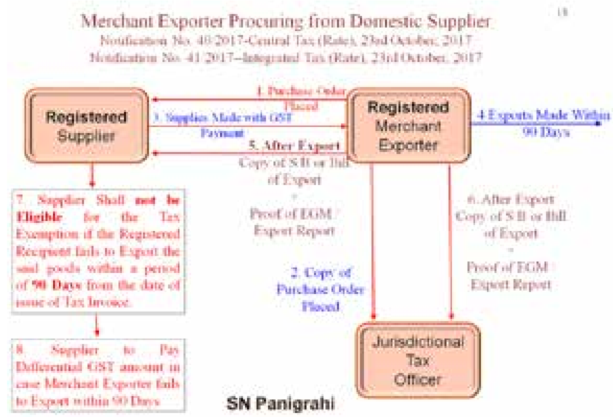
- **GSTIN of the supplier and the tax invoice**

number are to be indicated on shipping bill/ bill of export

- Such **<u>Merchant exporter shall be registered with an Export Promotion Council or a Commodity Board</u>**
- A copy of the order placed at concessional rate shall be provided to the jurisdictional tax officer of the registered supplier
- Such goods shall be directly moved to the port, Inland Container Depot (ICD), Airport or Land custom Station (LCS) or to the registered warehouse from where it shall be moved to the port/ICD/Airport/LCS
- In case the goods are bought from multiple registered suppliers, the goods from each registered supplier shall move to a registered warehouse which shall be further moved to the Port/ ICD/ Airport/LCS for export. Also, the merchant exporter shall endorse receipt of goods on the tax invoice and also obtain acknowledgement of receipt of goods in the registered warehouse from the warehouse operator where the endorsed tax invoice and the acknowledgement shall be provided to the registered supplier as well as jurisdictional tax officer.
- **After the goods are exported, <u>a copy of shipping bill/bill of export with proof of EGM</u> and export report shall be filed to the registered supplier as well as its jurisdictional tax officer.**

The registered supplier shall not be eligible for the above reduced rate if the merchant exporter fails to export the said goods within a period of 90 days from the date of issue of tax invoice.





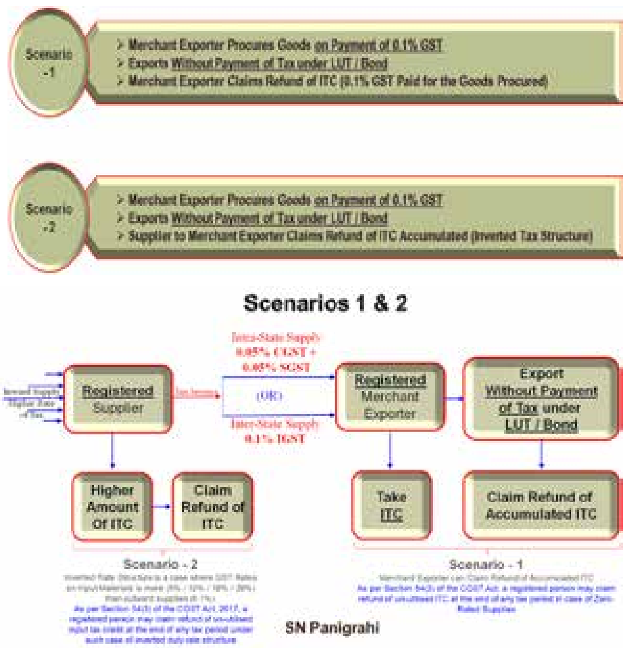
Clarifications Related to Merchant Export

Circular No. 37/11/2018-GST; Dated the 15th March, 2018

- Supplies to Merchant Exporters: Notification No. 40/2017 – Central Tax (Rate), dated 23rd October 2017 and Notification No. 41/2017 - Integrated Tax (Rate) dated 23rd October 2017 provide for supplies for exports at a concessional rate of 0.05% and 0.1% respectively, **subject to certain conditions** specified in the said notifications.
- It is clarified that the benefit of supplies at concessional rate is subject to certain conditions and **<u>the said benefit is optional</u>**. The option may or may not be availed by the supplier and / or the recipient and the goods may be procured at the normal applicable tax rate.
- It is also clarified that the **Merchant Exporter** will be **<u>eligible to take credit</u>** of the tax @ 0.05% / 0.1% paid by him.
- The supplier who **supplies goods at the concessional rate** is also **<u>Eligible for Refund on Account of Inverted Tax Structure</u>** as per the provisions of clause (ii) of the first proviso to sub-section (3) of section 54 of the CGST Act.
- It may also be noted that the **Merchant Exporter** of such goods can **<u>export the goods only under LUT / bond and cannot export on payment of integrated tax per Rule 96(10) of the CGST Rules</u>**. In this connection, notification No. 3/2018-Central Tax, dated 23.01.2018 may be referred.

Two Different Scenarios

- In the First Scenario, Concessional Rate of GST availed. The Merchant Exporter after Export under LUT / Bond has to apply for ITC Refund, the procedure of which is tedious and time consuming.
- In the Second Scenario, Concessional Rate of GST availed. The Supplier can apply for Refund of ITC as Inverted Tax Structure. The Procedure is also equally cumbersome and time consuming.



Practical Difficulties

Through Notification No. 40/2017-Central Tax (Rate), 23rd October, 2017 and Notification No. 41/2017--Integrated Tax (Rate), 23rd October, 2017, though **Concessional Rate of 0.1%** allowed to Merchant Exporters to Procure Goods from Domestic Suppliers, it comes with certain Conditions like

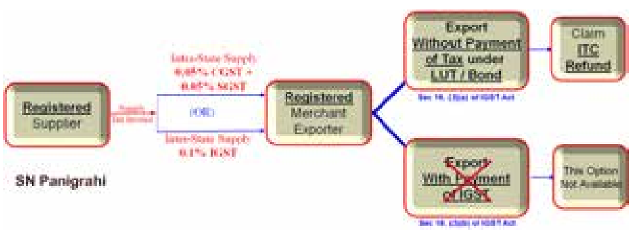
- Such goods shall be **Exported within 90 days** from the date of issue of tax invoice
- **GSTIN of the Supplier and the Tax Invoice Number are to be indicated on Shipping Bill / Bill of Export**
- **After the goods are exported, a copy of Shipping Bill/ Bill of Export with proof of EGM and export report shall be filed to the registered supplier as well as its jurisdictional tax officer.**
- **The registered supplier shall not be eligible for the above reduced rate if the merchant exporter fails to export the said goods within a period of 90 days from the date of issue of tax invoice.**
- Such **Merchant exporter shall be registered with an Export Promotion Council or a Commodity Board**

Most of the Merchant Exporters are having **apprehensions and hesitations to share with the Supplier a Copy of Shipping Bill where the Details of Overseas Customer along with Price and other Terms** are Disclosed. It will open up Customer & Price details which are developed with intense Market Research and Deliberate Efforts over a long period with investment of various resources.

Also Suppliers to Merchant Exporters are hesitant to Supply as **in case of failure of Merchant Exporters to Export the Goods so procured within 90 Days, then the Supplier is liable to discharge the differential tax**. The Merchant Exporter, is not made responsible, for his failure to export the Taxable Goods **but the responsibility is imposed on Supplier.**

Export with Payment of IGST not Allowed

According to Notification No. 40/2017-Central Tax (Rate), 23rd October, 2017 and Notification No. 41/2017--Integrated Tax (Rate), 23rd October, 2017, notification No. 3/2018-Central Tax, dated 23.01.2018 and Circular No. 37/11/2018-GST; Dated the 15th



Procedural Difficulties for Claiming Refund

Availing of benefit of supplies at Concessional Rate of 0.1% comes **with some Ridder.**

Most important one is that the Merchant Exporter cannot export on payment of Integrated Tax (IGST)

<u>as per Rule 96(10) of the CGST Rules</u>. They can **<u>export the goods only under LUT / bond.</u>**

For Claiming ITC Refund the Exporter should follow following procedure :

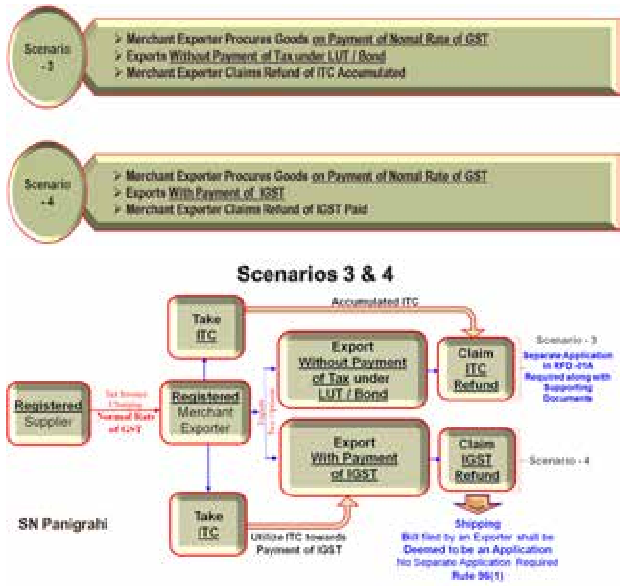
Circular No. **17/17/2017**-GST dated 15.11.2017 and Circular no. **24/24/2017**-GST dated 21.12.2017

- File Application in **FORM GST RFD-01A** on the common portal
- Amount claimed as refund shall **get debited** from the amount in the Electronic Credit Ledger
- The common portal shall generate a proof of debit (**ARN-** Acknowledgement Receipt Number)
- Print out of FORM GST RFD-01A mentioning ARN along with all necessary documentary evidences as applicable (as per details in statement 3 or 5 of Annexure to FORM GST RFD-01) and Submit **Manually to Jurisdictional proper officer**.
- Acknowledgement in **FORM GST RFD-02** shall be issued within **<u>15 Days</u>** as per Rule 90(2)
- In case of any Deficiencies, intimation is issued in **FORM GST RFD-03** and exporter have to re-submit the application a fresh after rectifying the deficiencies **:** Rule 90(3)
- Provisional Refund of **<u>90%</u>** in **FORM GST RFD-04** shall be released **Within <u>7</u> Days : Sec 54(6) &** Rule 91(2)
- Payment Advice is made in **FORM GST RFD-05 :** Rule 91(3)
- Order Sanctioning Balance Refund within 60 Days in **FORM GST RFD-06 :** Sec 54(7) & Rule 92(1)

Since the above procedure is Cumbersome and Time Consuming because of Semi-Automatic Process (Some part Online Filing & then Manual Submission) most of the Exporters are locked up in bureaucratic entangle to get their legitimate Refunds.

Alternative Scenarios

Since availing of benefit of supplies at Concessional Rate of 0.1% is **<u>optional</u>** (Circular No. 37/11/2018-GST; Dated the 15th March, 2018) the Merchant Exporter with his own choice may opt for Procurement from Domestic **Supplier on Payment of Normal Rate of GST.**



This will get him ride off various procedural entangles and conditional obligations specified in Notification No. 40/2017-Central Tax (Rate), 23rd October, 2017 and Notification No. 41/2017--Integrated Tax (Rate), 23rd October, 2017.

Suggestion

We have seen Four Different Scenarios.

- In the First Scenario, Concessional Rate of GST availed. The Merchant Exporter after Export under LUT / Bond has to apply for ITC Refund, the procedure of which is tedious and time consuming.
- In the Second Scenario, Concessional Rate of GST availed. The Supplier can apply for Refund of ITC as Inverted Tax Structure. The Procedure is also equally cumbersome and time consuming.
- In the Third Scenario, Supplies are made on Charging Normal Tax. The Merchant Exporter after Export under LUT / Bond has to apply for ITC Refund, the procedure of which is again as in the scenario one - tedious and time consuming.
- **The Fourth Scenario is very much advisable. Here the Merchant Exporter Procures Goods**

with Payment of Normal applicable GST and then takes ITC. While Exporting he opts with Payment of IGST by utilizing ITC. Once he makes Exports of Goods, the Shipping Bill itself treated as an Application for Refund of Tax Paid and there is no need for separate application.

However following Conditions shall be fulfilled :

Carrier of Conveyance Files EGM

Applicant Furnished Invoice Details in Table 6A of GSTR -1

Applicant Furnished GSTR- 3B

This procedure is very simple, automatic and faster to get Refunds in case of Export of Goods

PPT can be viewed @:

https://www.youtube.com/watch?v=Q3gG-esdrV0

Disclaimer : The views, Expressions and opinions; thoughts and assumptions; analysis and conclusions expressed in this article are those of the authors and do not necessarily reflect any legal standing.

TRADE WITH IRAN - UNDERLYING TRADE HURDLES

Sudhakar Kasture
Director,
EXIM Institute

U.S. has re-imposed the sanctions on Iran on 5th November 2018 which primarily includes sanctions on energy, banking, shipping and shipbuilding industries, financial and insurance sectors. U.S. has also made it mandatory for Iran to hold 100% of the revenue earned by Iran from the sale of oil in foreign accounts. SWIFT messaging system has also been suspended for some Iranian banks.

US Govt. in its press release[1] of 5th November 2018, has specifically stated as under –

Quote –

More than 20 importing nations have zeroed out their imports of crude oil already, taking more than one million barrels of crude per day off the market. The regime today, since May, has lost over $2.5 billion in oil revenue. We have decided to issue temporary allotments to a handful of countries responsible to specific circumstances and to ensure a well-supplied oil market. The U.S. will be granting these exemptions to China, India, Italy, Greece, Japan, South Korea, Taiwan, and Turkey. Each of those countries has already demonstrated significant reductions of the purchase of Iranian crude over the past six months, and indeed two of those eight have already completely ended imports of Iranian crude and will not resume as long as the sanctions regime remains in place. We continue negotiations to get all of the nations to zero.

Unquote –

In other words, U.S. would be trying hard to convince all the nations that they should not import crude oil from Iran. Report further also stated –

Quote –

Additionally today, 100 percent of the revenue Iran receives from the sale of oil will be held in foreign accounts. **Iran can only use this money for humanitarian trade or bilateral – in bilateral nonsanctioned goods.**

Unquote –

Iran who is India's third largest oil supplier after Iraq and Saudi Arabia, was getting paid for its oil supplies to India through European banking channel, which is blocked from 5th November 2018.

Apart from the restrictions on financial mechanism, insurance and reinsurance have also been brought under the purview of US sanctions. Due to which international trade transactions made on CIF basis will also get affected, as insurance cover is the responsibility of the seller under CIF terms. Though these sanctions are primarily for US insurers, non-US insurers will not be able to make or receive the payment of Iran related claims in USD or may also found to be guilty of contravening US sanctions by assisting US insurers/re-insurers to facilitate sanction transactions.

Foreign Trade Policy as updated on 05/12/2017 has specific paras for exports/imports to Iran.

Quote –

- **Para 2.18 Direct or Indirect Export/Import to/from Iran**
- **Para 2.46 Import for Export**
- **2.53 Export to Iran –Realisations in Indian Rupees to be eligible for FTP benefits / incentives**

Unquote –

As far as payment mechanism is concerned, RBI initially had issued guidelines vide A.P. (DIR Series) Circular No. 31 dt. 27/12/2010. There is no change in the said guidelines as per Master Direction – Export of Goods and Services (last updated on 12/01/2018) which has reference to export-import with Iran under para (iv) (d) of Settlement System under ACU mechanism.

It is pertinent to note that all these provisions were made when the sanctions were imposed in the year 2010. There are no specific instructions issued either by RBI/DGFT after 5th November 2018 with regard to trade with Iran. This creates a serious practical problem for all exporters who are dealing with Iran. Iran has been a long standing trade partner for India. To protect our trade relationship without violating the spirit of sanctions fresh instructions are needed so as to avoid any confusion and to facilitate the hassle free trade. In this connection we wish to suggest the following:

1) Though the list of product is available on the website mentioned in the policy, it is not with HS codes. In absence of HS codes many terminologies which are generic and therefore difficult to interpret. For example – Polymeric Substance, Esters and Plasticisers, Stabilisers, multi-directional and multi-dimensional weaving machines or interlacing machines, silicon carbide material etc. etc. Due to this, exporter is unable to identify whether the item is allowed or not allowed. Hence, specific items which are not allowed to be exported with its HS codes should be brought out by DGFT.

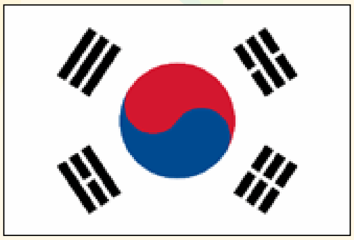
2) Sanctions were imposed on 05/11/2018. There are no explicit guidelines as to how shipments made prior to 05/11/2018 or against commitment made prior to 05/11/2018 but shipped after 05/11/2018 should be treated. This is particularly important if shipment is made prior to 05/11/2018 but money is likely to be received after 05/11/2018. A clarificatory circular in this regard would be extremely helpful.

3) How the export and import transactions should be dealt when invoiced in Indian Rupees and its payment mechanism? Detailed instructions should be issued.

These instructions are critically important as in absence of specific instructions; the exporters wanting to enter into 'Permissible trade with Iran' suffer at the ground level. They do not know whether to accept the order or not and even if they decide to do so there is no clarity with reference to payment. While as a nation, we may not support the nuclear program but we have investment in Chabahar port in Iran which can be a channel for improving our trade with other countries in the Central Asia region more economically. It is therefore absolutely important that DGFT/RBI should come out with clear policy/instructions at the earliest. Your views are welcome.

Ref - 1 **-** U.S. Govt. Press release **-** https://www.state.gov/secretary/remarks/2018/11/287132.htm

K-REACH pre-registration/notification has started (1 January - 30 June 2019)



If you are exporting chemicals to South Korea, then you should consider making pre-registrations of chemicals under K-REACH before 30th June 2019 using a reputed Only Representative (OR) located in South Korea. For OR recommendations, please also consult your Korean customers about the working experience and quality of service provider available in the market.

The pre-registration process provides you open access to market (you are not required to find Korean importers who have made pre-registrations in order to purchase your material) and sufficient time to decide on registration program. Please use this limited window to complete your pre-registrations.

Note: *non-Korean Manufacturers as well as Merchant Exporters can appoint OR under K-REACH*

Placing chemical substances on the South Korean market?

According to the amended K-REACH regulation, manufacturers and importers in South Korea of new chemical substances of at least 0.1 tonne per year or of existing chemical substances that are imported or manufactured at quantities of at least 1 tonne per year shall pre-register and register their substances to the South Korean Ministry of Environment, according to the following criteria:

- **All existing substances manufactured/ imported in quantities equal to or above 1 tonne/year have now the obligation to be pre-registered between 1 January 2019 and 30 June 2019**, via the Korea Environment Corporation (Keco) online system to the MoE. Companies taking this opportunity will benefit from extended registration deadlines foreseen for existing substances. **If companies miss the pre-registration deadline then they are required to K-REACH register their substances prior to manufacture or import. The total number of substances listed under korea existing chemical inventory (KECI) is 44348,** *Refer NCIS , please refer link below to access substance list. An excel list is attached for members for ready reference*

- All existing substances manufactured/ imported in quantities equal to or above 1 tonne/year must be registered to the Ministry of Environment in South Korea via the Keco IT tool and by the applicable registration deadline as follows:

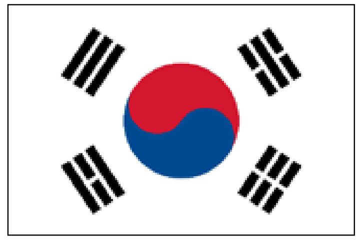
  - **31 Dec 2021: > 1000 t/year or CMR substances > 1t/year**
  - **31 Dec 2024: > 100 – 1000t/year**
  - **31 Dec 2027: > 10 – 100 t/year**
  - **31 Dec 2030: > 1-10t/year**

- **From 1 January 2019, new substances and designated substances that are manufactured/imported in South Korea in quantities of at least 100 Kg per year must be registered to the MoE prior to manufacture/import**

- New substances that are manufactured or imported in South Korea in quantities of less than 100Kg/year do not need to be registered but be notified to the National Institute of Environmental Research (NIER)

- All existing designated substances (so-called PEC substances) were required to be registered to the MoE by the 30th of June 2018

EXPORT STRATEGY- SOUTH KOREA



BRIEF OF COUNTRY SOUTH KOREA

South Korea, officially the Republic of Korea (ROK), is a country in East Asia, constituting the southern part of the Korean Peninsula and lying to the east of the Asian mainland. The name Korea is derived from Goguryeo which was one of the great powers in East Asia during its time, ruling most of the Korean Peninsula, Manchuria, parts of the Russian Far East and Inner Mongolia, under Gwanggaeto the Great. South Korea lies in the north temperate zone and has a predominantly mountainous terrain. It comprises an estimated 51.4 million residents distributed over 100,363 km2 (38,750 sq mi). The capital and largest city is Seoul, with a population of 10 million.

South Korea occupies the southern portion of the Korean Peninsula, which extends some 1,100 km (680 mi) from the Asian mainland. This mountainous peninsula is flanked by the Yellow Sea to the west, and the Sea of Japan to the east. Its southern tip lies on the Korea Strait and the East China Sea.

The country, including all its islands, lies between latitudes 33° and 39°N, and longitudes 124° and 130°E. Its total area is 100,032 square kilometres (38,622.57 sq mi).

South Korea can be divided into four general regions: an eastern region of high mountain ranges and narrow coastal plains; a western region of broad coastal plains, river basins, and rolling hills; a southwestern region of mountains and valleys; and a southeastern region dominated by the broad basin of the Nakdong River.

South Korea's terrain is mostly mountainous, most of which is not arable. Lowlands, located primarily in the west and southeast, make up only 30% of the total land area.

About three thousand islands, mostly small and uninhabited, lie off the western and southern coasts of South Korea. Jeju-do is about 100 kilometres (62 miles) off the southern coast of South Korea. It is the country's largest island, with an area of 1,845 square kilometres (712 square miles). Jeju is also the site of South Korea's highest point: Hallasan, an extinct volcano, reaches 1,950 metres (6,400 feet) above sea level. The easternmost islands of South Korea include Ulleungdo and Liancourt Rocks (Dokdo/ Takeshima), while Marado and Socotra Rock are the southernmost islands of South Korea.

South Korea has 20 national parks and popular nature places like the Boseong Tea Fields, Suncheon Bay Ecological Park, and the first national park of Jirisan.

South Korea is a developed country and a high-income economy, with a "very high" Human Development Index, ranking 22nd in the world. The country is considered a regional power and is the world's 11th largest economy by nominal GDP and the 12th largest by PPP as of 2010. South Korea is a global leader in the industrial and technological sectors, being the world's 5th largest exporter and 8th largest importer. Its export-driven economy primarily focuses production on electronics, automobiles, ships, machinery, petrochemicals and robotics. South Korea is a member of the ASEAN Plus mechanism, the United Nations, Uniting for Consensus, G20, the WTO and OECD and is a founding member of APEC and the East Asia Summit.

ECONOMY OF S. KOREA

After emerging from the 1950-53 war with North Korea, South Korea emerged as one of the 20th century's most remarkable economic success stories, becoming a developed, globally connected, high-technology society within decades. In the 1960s, GDP per capita was comparable with levels in the poorest countries in the world. In 2004, South Korea's GDP surpassed one trillion dollars.

Beginning in the 1960s under President PARK Chung-hee, the government promoted the import of raw materials and technology, encouraged saving and investment over consumption, kept wages low, and directed resources to export-oriented industries that remain important to the economy to this day. Growth surged under these policies, and frequently reached double-digits in the 1960s and 1970s. Growth gradually moderated in the 1990s as the economy matured, but remained strong enough to propel South Korea into the ranks of the advanced economies of the OECD by 1997. These policies also led to the emergence of family-owned chaebol conglomerates such as Daewoo, Hyundai, and Samsung, which retained their dominant positions even as the government loosened its grip on the economy amid the political changes of the 1980s and 1990s.

The Asian financial crisis of 1997-98 hit South Korea's companies hard because of their excessive reliance on short-term borrowing, and GDP ultimately plunged by 7% in 1998. South Korea tackled difficult economic reforms following the crisis, including restructuring some chaebols, increasing labor market flexibility, and opening up to more foreign investment and imports. These steps lead to a relatively rapid economic recovery. South Korea also began expanding its network of free trade agreements to help bolster exports, and has since implemented 16 free trade agreements covering 58 countries—including the United State and China-that collectively cover more than three-quarters of global GDP.

In 2017, the election of President MOON Jae-in brought a surge in consumer confidence, in part, because of his successful efforts to increase wages and government spending. These factors combined with an uptick in export growth to drive real GDP growth to more than 3%, despite disruptions in South Korea's trade with China over the deployment of a US missile defense system in South Korea.

In 2018 and beyond, South Korea will contend with gradually slowing economic growth - in the 2-3% range - not uncommon for advanced economies. This could be partially offset by efforts to address challenges arising from its rapidly aging population, inflexible labor market, continued dominance of the chaebols, and heavy reliance on exports rather than domestic consumption. Socioeconomic problems also persist, and include rising inequality, poverty among the elderly, high youth unemployment, long working hours, low worker productivity, and corruption..

CHEMICAL INDUSTRY IN S. KOREA:

Korea boasts the sixth largest chemical market in the world, with four of its chemical giants – LG Chem, Lotte Chemical, SK Innovation, and Hanwha Chemical being ranked in the Global Top 50 Chemical Companies, an annual survey published by the American Chemical Society (ACS). Furthermore, Korea's strong chemical industry will become an even more attractive market for foreign chemical companies as it seeks to diversify and further sophisticate its chemical sector and enact policies to help it become a chemical industry hub in Asia.

Petrochemistry has traditionally dominated Korea's chemical industry with as much as 70% of total chemical revenues generated from the sector. However, in recent years, in an attempt to diversify revenue sources to mitigate the risk of over-dependency, the Korean government has been financially supporting research and development in the fine, green and sustainable chemical sectors. Exemplifying this, the city of Ulsan, the de facto industrial capital of Korea, located on the southeast tip of the peninsula, has received government support to drive growth in specialty and healthcare-related chemicals as well as in biochemistry itself.

Korea is quickly becoming the chemical industry hub of Asia as robust domestic players are joined by foreign multinationals in setting up offices and building plants in the country. In the last 10 years Korea's chemical sector has received GBP 6bn in foreign direct investment (FDI), making it the second highest recipient of FDI amongst all OECD countries. In 2016, for example, Japanese chemical manufacturer Kuraray and Kuwait's chief petrochemical company PIC both invested in the market. Furthermore BASF, one of the world's largest chemical companies, moved its electronic materials headquarters from Germany to Seoul in 2013 and established a R&D centre the following year. Also in 2014, world-leading chemicals company Dow Chemical Company built a plant in Cheonan, Korea, to mass produce quantum dot materials, and international chemical group Solvay also opened a research centre in collaboration with Korea's Ewha Women's University.

Korea's chemical industry is an attractive market for many foreign chemical companies. With the expansion into the fine chemical sector by Korea's national and local governments, more opportunities for progress await Korea's chemical market. The sustained investment by foreign chemical companies in the form of foreign direct investment or establishing a physical presence further demonstrate the potential for Korea's chemical industry. Foreign chemical companies seeking new opportunities abroad should certainly consider Korea. Coming into a market where companies like Samsung, Hyundai, and LG which all possess customers across the globe and develop technologically advanced products, but rely on locally-based suppliers, will present foreign chemical companies with untapped opportunities to work with these Korean players to tap into the domestic and international markets.

(Source: http://bcck.or.kr/chemical-industry-korea/)

K - REACH -Regulations Tighten Up

The Act on Registration and Evaluation, etc of Chemical Substances(K-REACH) was promulgated on 22 May 2013 by the Ministry of Environment in South Korea and it comes into force on 1 Jan 2015. The Act is also well-known as Korea REACH due to its similarity to the EU REACH regulation.

Under K-REACH, any person who intends to manufacture or import a new chemical substance or at least one ton per year of a designated existing chemical substance subject to registration shall register the chemical substance before he/she manufactures or imports. K-REACH also sets out requirements for companies to report the volume and uses of substances they manufacture/import and notify products containing hazardous chemicals substance.

MARKET CHALLENGES-S. KOREA

Unique industry standards, less than transparent regulations, resistance to foreign business models, competitive domestic manufacturers in many sectors and pressure to reduce prices to match local firms are some of the challenges that affect foreign business in Korea. However, firms that bring an innovative edge, are patient, and exhibit a true commitment to the Korean market generally find business to be rewarding and Koreans to be loyal customers.Korean firms are quick to consume new technologies and many foreign firms have found good receptivity to new products brought into this market.

The Korea-U.S. Free Trade Agreement (KORUS FTA) helps make Korea an attractive market to pursue.With more than 92 percent of tariffs now reduced or at zero, U.S. products are becoming increasingly cost-competitive and bilateral trade should increase over time. In March of 2018, the US and Korea negotiated amendments to the KORUS FTA, which are slated to go into effect before the end of 2018.

EU products have had reduced or zero-tariff access to the market since mid-2011.Australia, Canada, and China also have FTAs with Korea.

Foreign companies must remain flexible and ready to work with Korean business counterparts pertaining to contract terms or renegotiating price, quantity, and delivery terms, following a business deal or bilateral contractual agreement.The traditional Korean approach to business deals, where Koreans feel that the signing of a contract is only the beginning of a business relationship.

EXPORTING TO KOREA - MARKET OVERVIEW

The US$1.97 trillion Korean GDP ranks 11th in the world and third in the East Asia region.As Korea's traditional strengths in sectors such as shipbuilding, steel, and petrochemicals have declined somewhat in recent years, the country's leaders are looking to move toward more technology-intensive industries. Overseas companies will find market opportunities in leading industries such as life sciences, healthcare (medical devices, pharmaceuticals, and biotechnology), **industrial chemicals**, IT components, semiconductor manufacturing equipment, aerospace/defense, energy, environmental technology, and transportation, to name only a few.U.S. companies are already partnering with local Korean companies and industries to expand market opportunities from Korea to third-country markets, including ASEAN, the Middle East, and other markets of the Asia-Pacific.Korea remains one of the world's most trade dependent nations, with trade equaling 90 percent of GDP.Given Korea's strong shipping and air cargo infrastructure, this is not only a market end-point for overseasgoods and services, but also a hub for expansion into other markets.

(Source Modified: https://www.export.gov/article?id=Korea-Market-Overview *)*

BUSINESS OPPORTUNITIES IN SOUTH KOREA

South Korea has been known as a rapidly growing prosperous economy, home to global conglomerates called chaebols. However, the actual opportunities and challenges of the South Korean market remain unknown to most foreign companies. Here we discuss recent developments in the South Korean economy, and what it means in terms of opportunities for market entry.

South Korea is actively searching for new paths to future prosperity, as it is increasingly challenged by other Asian countries. Southeast Asian countries are on the rise, and at the same time Koreans have learned the hard way that China is not always easy to deal with. The US stance under President Trump has also given South Korea a blow, especially by rising trade barriers on key Korean exports such as steel. Increasingly companies – even mid-sized ones – in South Korea are seeking growth by reaching out to new markets. However, Korean companies are also looking for new forms of partnerships and collaboration. At the same time, the local market is developing. Understanding the South Korean economy, its opportunities and future direction is thus a very timely subject.

A democracy characterized by a coordinated drive for growth - a system that needs to reinvent itself

South Korea has been one of the fastest growing economies in the world since the 1950s. It possesses a significant domestic market with a population of 50 million and is close to the bigger Asian markets of China and Japan. As opposed to China, South Korea is a developed democracy that offers a less risky business environment for those looking to enter the Asian market. On the other hand, the country is more dynamic than Japan and has a more entrepreneurial, agile and aggressive corporate culture.

The South Korean democratic model operates under something akin to a two-party system, that recently has seen many changes. The recent forceful albeit democratic change of presidency has had a big effect on the political landscape. The presidency still carries a lot of power, but from the fall of President Park Geun-hye the country has learned that excessive executive power is not always a good thing. In addition, President Lee Myung-bak, who preceded Park Geun-hye, is now also being investigated for taking bribes and other fiscal irregularities. At the same time these trials with former presidents have pulled also several chaebol executives into the whirlwind. In addition, the political landscape is being shaken by a strong MeToo movement, exposing blatant sexual abuse of women.

In the past, the nation gave the impression of being steered from the top down in an efficient way that an outsider could easily deem as post-militaristic. When the president was elected, he set an ambitious five-year vision for the country. The plan of President Lee Myung-bak was known as 747: 7% annual growth, 40000USD GDP per capita and raising South Korea to the 7th largest economy in the world. He also set Green Growth as the new national development paradigm with the aim of turning the nation into a global leader in green technology. Unfortunately, this plan failed, and so did the attempts to make a strong five-year vision of his successor, President Park Geun-hye. The Park Geun-hye era of "creative economy" still prevails in a sense, but it is fair to say that the nation is still looking for ways to step back up to the kind of growth it has seen earlier during its industrial phase.

The chaebols, large Korean conglomerates, have in the past supported the execution of the national vision by setting their own growth targets accordingly. For example, following President Lee, Samsung announced an ambition to be number one in solar energy by 2015 and invested $20 billion in developing solar cells, rechargeable cells for hybrid electric cars and LED technology; Daewoo built the world's largest tidal power plants on the South Korean coastline, and Hyundai are invested heavily in solar and wind power around the world. However, as the weakness of centrally set plans has become increasingly evident, chaebols are now seeking their own path for growth. The collaboration between the political powers and chaebols is still very close, although clearly on the decline due to recent events and efforts of the new Moon Jae-in administration. At the same time, the ability of the government to exert pressure on these large conglomerates is today clearly weaker. The fall of President Park Geun-hye also demonstrated the dangers of collaborating too closely, leading to the one-year imprisonment of the Samsung heir Lee Jae-yong for corruption. His recent release shows that chaebols still have forces to be reckoned, but most certainly top management will thread more cautiously going forward.

Culture of 'han' pushing the nation that now faces a challenging situation

South Korea is not a low-cost labor country, especially if compared to countries such as China, Vietnam or Thailand. Although wages are still low outside the biggest cities, and for low skill jobs in general, higher level jobs have salaries comparable to Western standards. For companies considering South Korea as a potential base, the main benefits lie in its ambitious and educated workforce, and a strong working culture, rather than just labor cost arbitrage. Foreign companies should be aware that they may be at a cost disadvantage compared to local companies, and that labor rules at times may hit them harder than domestic players (especially as they are usually not as used to handle labor relations as domestic companies are). The recent case of GM Korea, and its attempt to leave South Korea illustrates the difficulties involved.

Koreans possess a remarkably ambitious mindset. Having a high-reaching long-term target is of great importance in Korean culture, reflected not only in national and corporate target setting but on all levels of society. Koreans use the word 'han' to describe this urge to overcome obstacles and injustices suffered, reaching out for victory. Unlike its Finnish counterpart 'sisu', 'han' is not just mere perseverance but includes the element of pursuing greatness. This culture of ambition is visible everywhere: in working culture, education as well as everyday life. It comes as no surprise that Koreans work more hours per capita than any other OECD nation.

Furthermore, based on OECD statistics, Koreans have one of the highest levels of education in the world. Most of the family income is typically spent on ensuring the best possible education for the children. Ambition is also visible in educational institutions. Many top Korean universities communicate bold visions, such as becoming one of the top universities in global rankings or having graduates continuing their studies in Ivy League universities. Korean universities also actively pursue exchange programs with foreign universities, ensuring knowledge transfer.

Great investments in education and an ambitious hard-working population have been vital in the country's growth. South Korea's real GDP grew from 2.7 billion USD in the 1960s to over one trillion in the 2000s. The country has also continued its growth in the last few years, despite the financial crises. Unlike Finland, South Korea only suffered a minor dip in 2008-2010 and has since resumed its previous growth path albeit at a somewhat lower rate. More recently South Korea has faced challenges with its exports, partially due to global economy and partially due to political disagreements with China. The current situation is somewhat precarious. Exports are challenged by growing competition (and political counterforces) in China as well as US trade barriers rising. Household debt reached all time high of 94.8% of GDP in 2017 (figure 1). Meanwhile,

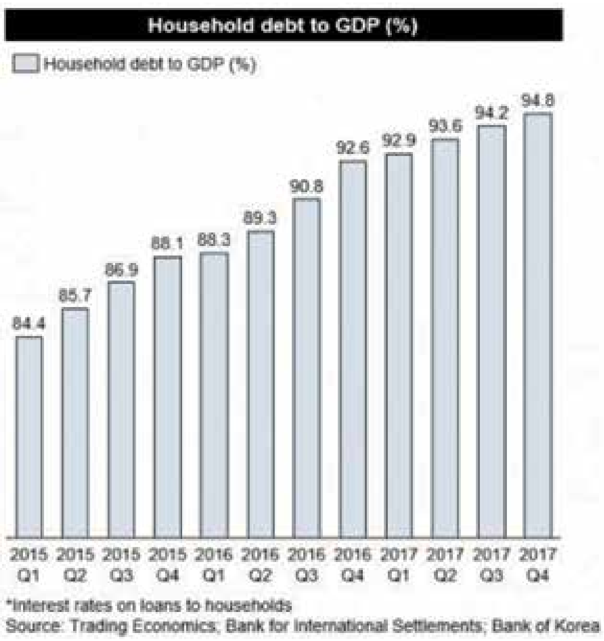


Figure 1: Household debt in Korea

SMEs continue to be marginalized, suffering from low productivity and weak capabilities in R&D and international expansion (figure 2).

In addition, a government think tank, Korea Development Institute (KDI), has expressed concerns on the recent minimum wage hike that if the government continues its plan to raise the minimum wage by 15% every year, the plan could hinder employment in Korea and may lead an excessive amount of employment stabilization funds (figure 3 and 4). In 2017, youth unemployment rate recorded 9.9%, which is the highest figure since 2000. There are also growing concerns that many young Koreans choose to take a civil service examination, leading a decrease of economically active youth population and negative impacts on the competitiveness of a national economy (figure 5).

Figure 5: Current status of youth employment in Korea

Chaebols, culture and language creating high barriers to entry

The large chaebols contribute to most of the GDP growth of the country. They continue to be very tightly linked to the government, partly owing to the country's history. This coupled with the fact

Figure 2: SMEs contribution to overall economy by country

that the conglomerates compete fiercely both among themselves as well as with any foreign entrants, has made it difficult for big foreign companies to enter the South Korean market. As an example, Nokia failed in its Korean market entry efforts due to government intervention and competition from LG Electronics and Samsung, according to a 2003 study conducted at the University of Tennessee.

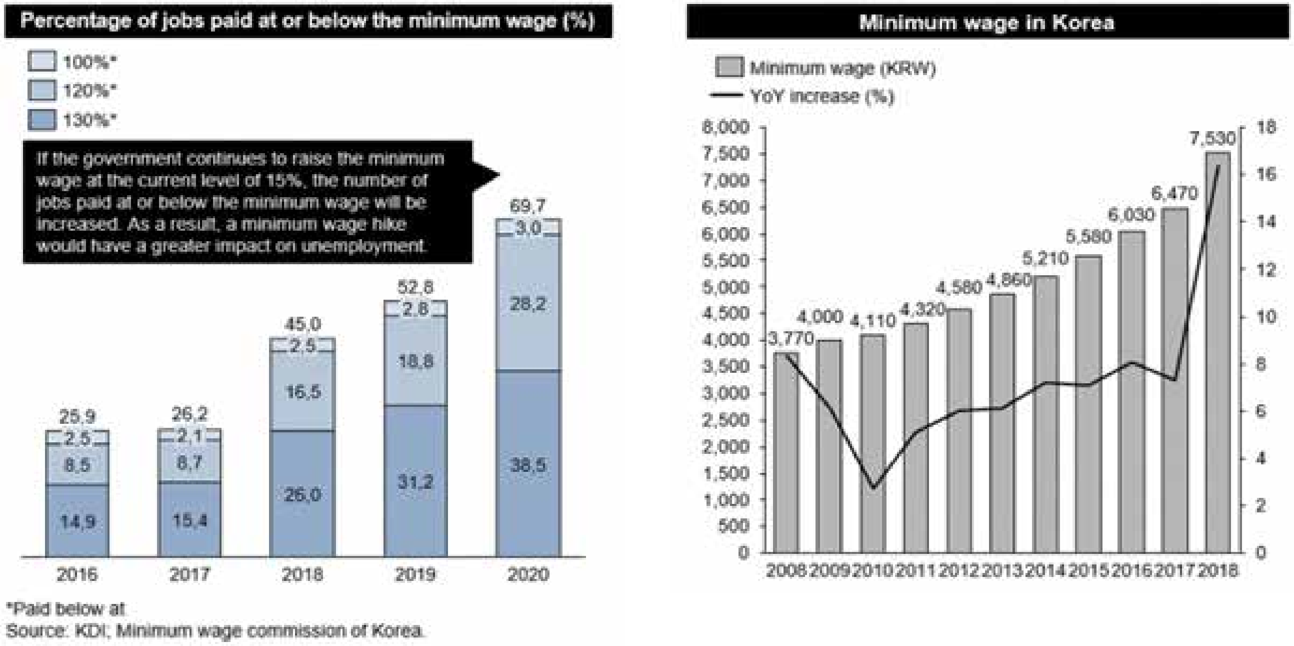


Figure 3: Minimum wage hike in Korea

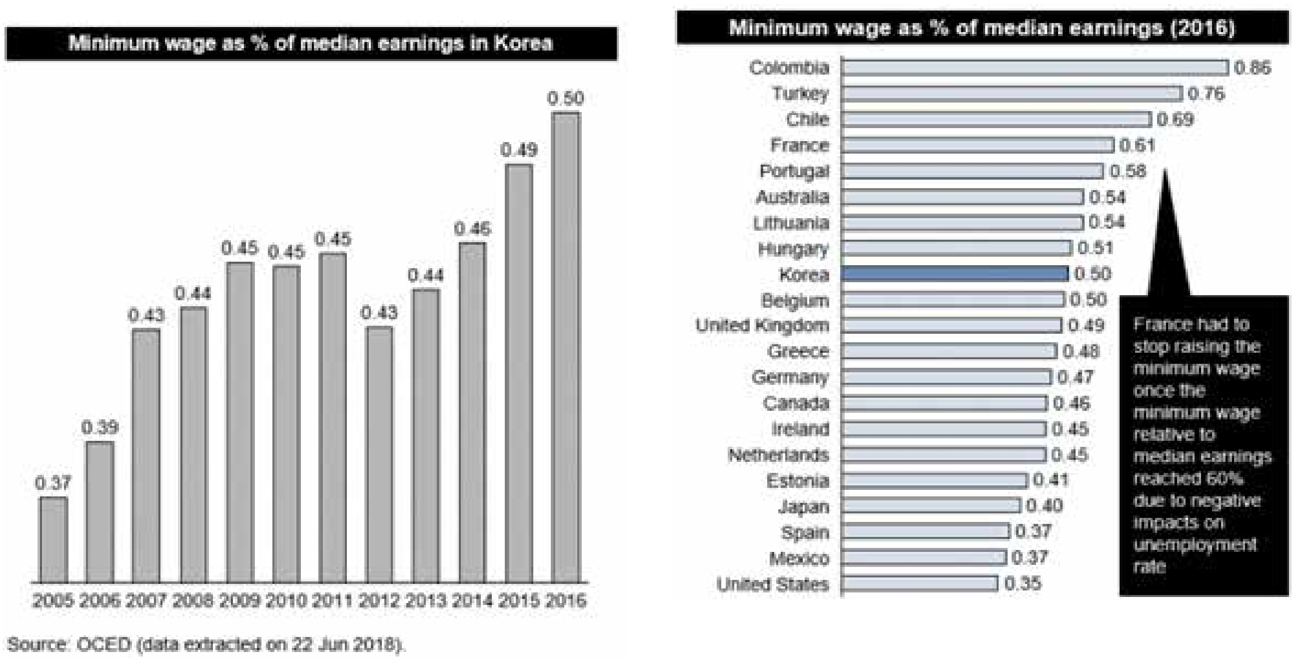
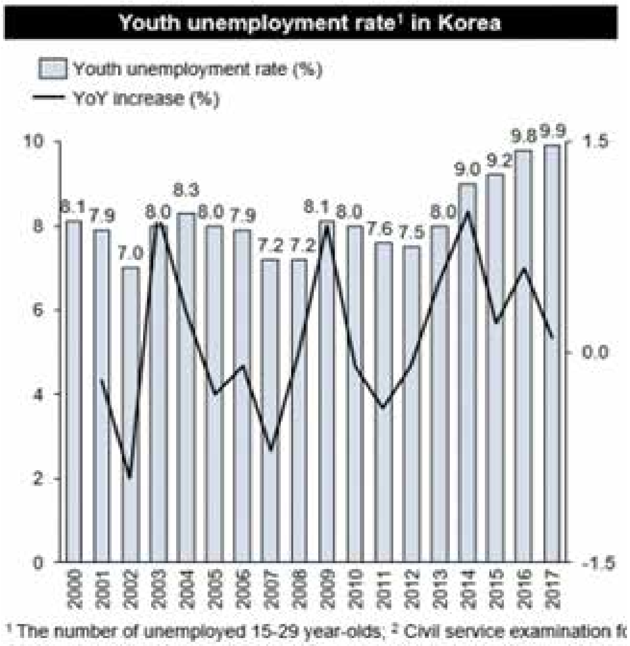


Figure 4: Minimum wage relative to median wages



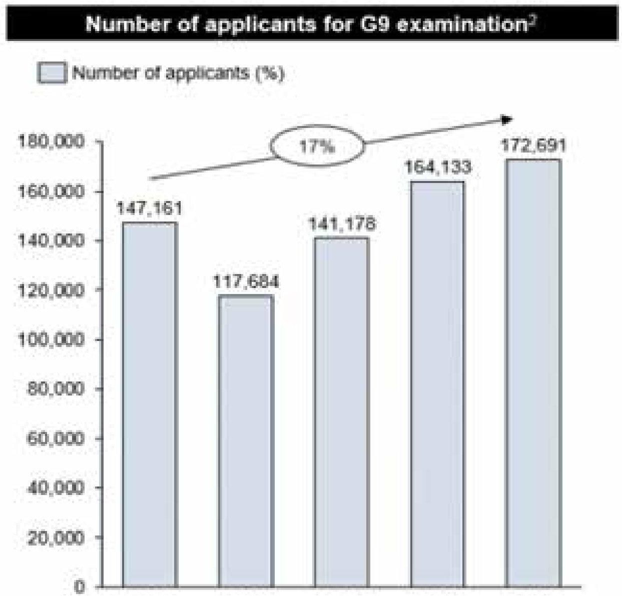


Figure 5: Current status of youth employment in Korea

Another challenge for foreign companies lies in attracting the best people. Most Koreans still see the large chaebols as the most attractive employers. Among Korean university graduates, chaebols are considered the most respected places to work in the society, offering high wages and a lifelong career path. In Korean culture, respect of authority, seniority, and dedication to one's job are central. Although perceptions are slowly changing, especially among youth, many employees are still seeking to pursue long careers in the same organization. The employees of the chaebols execute the corporate vision by aligning their own ambitious targets with those of the company. A new entry-level recruit at a major chaebol spends the first work weeks planning his own vision for his career development. The new employee is then assigned a mentor whom he meets monthly to revisit his career progress vis-à-vis the set-out goals. Salaries for lower ranks are relatively low but become substantial as senior levels are reached. The same applies to SMEs, although their salary levels are clearly below that of chaebols.

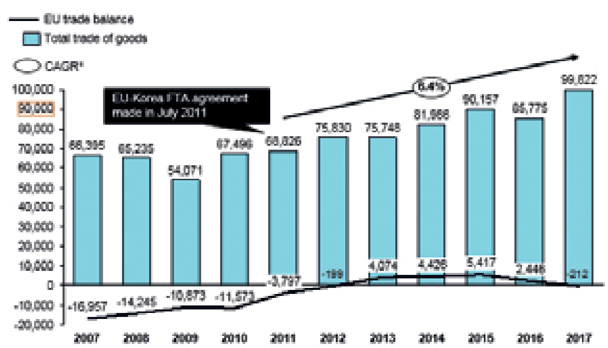
Operating in South Korea can also be a challenge due to the country's business culture. The widely encountered sense of nationalism extends beyond job selection. A foreign company may have trouble finding clients; South Korean major corporations often prefer local production and Korean suppliers. For a country dominated by several global conglomerates, the business environment has surprisingly little cultural diversity. Knowledge of the Korean language is a requirement for a foreign market entrant as Korean is still the main business language. Furthermore, the society is very networked and knowing the right people is essential to build business relationships. Thus, both language and cultural barriers are high. Many Korean companies address this by appointing a Korean native country manager, but this can have the negative side effect that a local culture emerges, which does not connect well with the company's international culture and way of working.

Demographic trends, free-trade agreements and student exchange increasing openness

The South Korean economy has recently started to show signs of increased internationalization. This creates possibilities for foreign companies to enter. One reason is demographics; aging population and shrinking workforce. At current fertility rates, each generation is roughly 40% smaller than the previous one. South Korea will have to open its doors to foreign workforce and business to be able to maintain its prosperity as its domestic demand decreases.

During 2011, South Korea has signed important free-trade agreements (FTAs) with both the U.S. and the EU, creating new opportunities for international commerce. The FTA with the U.S., signed in November 2011, removed tariffs on 95% of the goods within five years. A lot of this is now being reversed under President Trump, however. As President Trump has repeatedly emphasized to revise trade agreements to improve the U.S. trade deficit, the FTA meetings were held again in January and February 2018 to renegotiate the general terms of amendments and modifications to the FTA. Through the revision, Korea was able to be exempt from steel tariffs, however had to agree on reducing the volume of Korean steel exports to the U.S. by 30%. In addition, the 25% tariff on Korean-made pickup trucks was initially planned to be phased out starting in 2021 but is now extended to 2041. With such revisions on the FTA, it will be inevitable for Korea to face some challenges in their exports.

The FTA with the EU has been provisionally applied since July 2011. The total trade amount between Korea and the EU increased at a compound annual growth rate of 6.4% between 2011 and 2017, reaching 99BEUR in 2017 (figure 6). It may well be that the opportunities offered by the FTAs, while aggressively utilized by Korean companies, are not equally leveraged by Western players due to the perceived soft barriers such as language and culture. Understanding South Korea better, and seeing how it is developing is crucial for bilateral success.



*Compounded annual growth rate
Source: European Commission (http://ec.europa.eu/trade/policy/countries-and-regions/countries/south-korea/)

Figure 6: EU-South Korea Free Trade Agreement (MEUR)

The South Korean internationalization trend is further emphasized by the growing number of young Koreans studying abroad. English language education is deemed very important in today's South Korea and many Koreans spend extended periods abroad to hone their English skills. There are currently more than 100 000 Korean students in U.S. universities, making Korea the top student-sending country in the world. This is lowering the language barrier and opening new opportunities for foreign companies seeking multi-language employees.

Younger Koreans have also learned the benefits of an international environment and are not protectionists to the extent of the generations before them. While the economy has developed thanks to the prevalence of the chaebols, admiration for them is decreasing; the benefits of the chaebols to the economy and the job market are being questioned more and more. Koreans, particularly those who have spent time abroad, often have new, less conventional ideas about their employment prospects. The large chaebols only employ 10% of the population. At the same time, 40% of university students remained unemployed four months after graduation, according to a study conducted in August 2011. While landing a job in a prestigious chaebol is still the primary goal for most young graduates, a small but growing number are now looking for employment among startups. Some even consider starting their own companies. These entrepreneurs rebel against traditional values in this country where a job title is the main metric for success. The new generation is also increasingly adopting a more Western work culture. Many tend to value a more balanced work life, instead of the long hours employees put in at the chaebols.

As part of such changes, there also have been efforts from the government to cut the maximum weekly working hours in Korea. The National Assembly Committee on Environment and Labor passed a law to put a cap on weekly working hours to 52. The law will come into force in July 2018 for companies with more than 300 workers, January 2020 for those with 50 to 299 employees, and July 2021 for those with five to 49 employees. The more emphasis on work-life balance in the society will challenge traditional values in a country and people's values when choosing a job.

Opportunities exist but require a solid entry strategy and understanding of the market

Chaebols dominate the South Korean business environment and direct competition with them is challenging. A market entrant could, however, prosper by targeting a niche that is too specialized for the big chaebols to enter, either directly or through their supplier network. Recent developments in the country's rising IT-startup sector may also provide new opportunities for foreign companies interested in entering the South Korean market.

Chaebols use generic suppliers in areas where they cannot obtain economies of scale, and a player entering such a specialized market could fly under the conglomerates' radar or even become a crucial partner. Such a niche is usually highly specialized, and the volumes are not big enough to mandate serving only one chaebol. As an example of a successful market entry using this strategy, consider a Nordic company in the construction sector. It entered a niche market where volume was too small to attract chaebol entry and where developing a product from scratch would have been too time-consuming. The market was further boosted due to a government five-year plan at the time. The company has managed to build a significant market position, serving several major chaebols, by offering a top-quality product and serving Korean customers while paying attention to the local cultural requirements.

Local manufacturing content also plays a big role, both for government procurement and major chaebols tightly linked to the government. Leveraging this, a Northern European industrial equipment manufacturer has succeeded in penetrating the South Korean market by acquiring local production facilities and developing the manufacturing process to world-class (partly by learning from top chaebols in the auto industry). Today, the company provides their high-quality equipment to multiple conglomerates across several market sectors. The production facility also serves as a global production base for this specific product category, indicating that despite the somewhat higher labor cost, the South Korean plant has managed to reach a cost competitive position even on a global level. Success for this company builds on systematic development of a world-class production process, bringing top quality products to the market and working closely in a mutually beneficial approach with major chaebols.

In the IT-sector, the emergence of the Android and iPhone mobile platforms started a revolution that has created new opportunities for startup ventures to flourish. More recently, blockchain technology adoption and much activity in cryptocurrencies have also contributed. The ecosystems provide easier market access to independent innovative players. This has led to multiple new local IT companies emerging, now followed by the entry of venture capital players seeking to reinforce the trend. A foreign IT-startup in South Korea could benefit from the large domestic market and the continued start-up and venturing boom. The local market is very advanced with South Koreans actively using their mobile devices for gaming, social networking, and anything else application developers can offer. Although Nokia failed in its Korean market entry, Finnish Supercell with its Clash of Clans game became well known among Koreans. The telecom, wireless broadband, cable and IT-infrastructure in South Korea are also highly developed. South Korea has the third highest Internet penetration in the world and ranks at the top in Asia.

Recruiting and marketing processes are crucial in the initial phase

The nature of the South Korean business environment makes recruiting the right people an essential factor of a successful market entry. The best Korean employees are unlikely to apply for work with an unknown foreign company lacking brand and credibility. On the other hand, the business culture depends highly on personal relationships, making it a difficult market unless the company has a top-notch staff accustomed to the local business culture and with the right networks in place.

Consider the case of a Nordic industrial goods company.

The company saw a clear market opportunity for its products. However, setting up a sales office took much longer than expected mainly due to staffing difficulties. After a great deal of challenges, a senior manager willing to work for the relatively unknown company was found. Unfortunately, the manager was "too senior" to drive crucial early stage frontline sales work, and evidently also lacked any real access to key decision makers. The headquarters sent mid-level management over to push the local operations forward but has so far been unable to change the situation markedly as these ex-pats do not have the required networks.

Successful recruiting requires developing a strong company brand and word of mouth to compete with the better-known local players. The company's vision for the future must be credible; marketing messages need to be tailored to meet the unique characteristics of the South Korean business environment. Topping this off by offering a better work-life balance can switch the recruiting advantage to the foreign company. A foreign company that succeeded in setting up its South Korean sales company found an entrepreneurial sales manager in his mid-30s with solid international experience and good knowledge of the Korean market. The manager preferred employment in an international company due to the better working culture and saw the opportunity to build his own career in the company. The company had a good reputation, world-class products, and focused on markets where demand was building up yet no chaebols or their suppliers operated. In addition, the senior management members had spent considerable time in Asia and understood the unique characteristics of the market.

South Korea offers interesting learning opportunities and a gateway to larger Asia

South Korea remains relatively unknown to foreign companies and its potential is perhaps too often neglected. Granted, this country represents a somewhat closed economy, and due to language and cultural barriers it is a hard one to enter. Nevertheless, the unique characteristics of this market offer the courageous entrant interesting learning opportunities and a gateway to the larger Northeast Asian markets. Success will require careful attention to efficiency and quality, as well as recruiting, marketing and brand building (often through informal networks), and further obstacles are likely to be found on the way. For those who survive the entry, the reward lies in working with one of the most dynamic economies in the world, having access to a highly educated, hardworking and ambitious staff, and collaborating with some of the largest and fastest growing global corporations.

(Source: http://www.reddal.com/insights/discovering-business-opportunities-in-south-korea/)

SOUTH KOREA- FTA INVOLVEMENT

FTA TREND IN KOREA

Classification	Countries	Progress	Note	Significance
Effectuated (15 FTAs with 52 countries)	Chile	Effectuated 1-Apr-04	Concluded in October 2002	First FTA concluded Bridge-head for Latin American market penetration
	Singapore	Effectuated 2-Mar-06	Concluded in November 2004	Bridge-head for ASEAN market penetration
	EFTA	Effectuated 1-Sep-06	Concluded in July 2005	Bridge-head for Europe market penetration
	ASEAN	Effectuated 1-Jun-07	Goods: June 2007/ Service: May 2009 Investment: September 2009/Whole: November 2010	First FTA with world's large economic bloc
	India	Effectuated 1-Jan-10	Signed in August 2009	BRICs, huge market

Classification	Countries	Progress	Note	Significance
	EU (28countries)	Effectuated 1-Jul-11	Signed in October 2010	World's largest economic bloc (based on GDP)
	Peru	Effectuated 1-Aug-11	Signed in March 2011	Resource-affluent country Bridge-head for Latin American market penetration
	U.S.	Effectuated 15-Mar-12	Signed in June 2007 Additional negotiation concluded in December 2010	Huge and advanced economy
	Turkey	Effectuated 1-May-13	Signed on Framework Agreement and Agreement on Trade in Goods in August 2012 (Service & Investment: Not effectuated)	Bridge-head for Europe and Central Asia market penetration
	Australia	Effectuated 12-Dec-12	Signed in April 8, 2014 Ratification of National Assembly in December 2, 2014	Resource-affluent country Major market in Oceania
	Canada	Effectuated 1-Jan-15	Signed in September 23, 2014 Ratification of National Assembly in December 2, 2014	Advanced country of North America
	China	Effectuated 20-Dec-15	Signed in June 1, 2015 Ratification of National Assembly in November 30, 2015	Largest trading partner of Korea (As of 2015)
	New Zealand	Effectuated 20-Dec-15	igned in March 23, 2015 Ratification of National Assembly in November 30, 2015	Major market in Oceania
	Vietnam	Effectuated 20-Dec-15	Signed in May 5, 2015 Ratification of National Assembly in November 30, 2015	Third largest investment destination of Korea (As of September 2015)
	Colombia	Effectuated 15-Jul-16	Ratification of National Assembly in April 29, 2014	Resource-affluent country Emerging market of Central and South American market
Under Negotiation (8 FTAs with 24 countries)	Korea·China·Japan	10th negotiation with chief delegates Jun-16	11th negotiation to be held	Establishment of foundation for economic integration in Northeast Asia
	RCEP	16th negotiation Dec-16	17th negotiation to be held	Contribution to economic integration in East Asia
	6 countries in Central America	Declaration of conclusion Nov-16	Legal review to be scheduled in December 2016	Creating a new market in Central America

Classification	Countries	Progress	Note	Significance
	Ecuador	5th negotiation Nov-16	6th negotiation to be held	Resource-affluent country Bridge-head for Latin American market penetration
	Israel	2nd negotiation Dec-16	3rd negotiation to be held	Model country for creative economy
	ASEAN - Revision	14th implementation committee Jul-16	Under negotiation on the implementation committee schedule	Trade expansion and reflection of change in trade environment
	India - Revision	1st negotiation Oct-16	2nd negotiation to be held	Granting preference to leading exports and improving origin criteria for trade expansion
	Chile - Revision	Declaration of negotiation initiation Nov-16	1st negotiation to be held	Rflection of change in trade environment

Currently, 15 FTAs have been concluded with 52 countries (effectuated and agreed)

1. EFTA(4 countries) : Switzerland, Norway, Iceland, Liechtenstein
2. ASEAN(10 countries) : Brunei, Cambodia, Indonesia, Laos, Malaysia, Myanmar, the Philippines, Singapore, Vietnam, Thailand
3. RCEP(Regional Comprehensive Economic Partnership) : Korea, 10 ASEAN member countries, China, Japan, India, Australia, New Zealand
4. 6 countries in Central America: Panama, Costa Rica, Guatemala, Honduras, El Salvador, Nicaragua

(Source: http://www.customs.go.kr/kcshome/main/content/ContentView.do?contentId=CONTENT_ID_000002320&layoutMenuNo=23225)

KOREA – TRADE BARRIERS

Technical Barriers to Trade

Chemicals – Act on the Registration and Evaluation of Chemicals

The Registration and Evaluation of Chemicals (K-REACH) Act entered into force on January 1, 2015. KREACH requires manufacturers and importers of chemical substances to register and comply with annual reporting requirements. The United States has raised a number of concerns about K-REACH, centering on the lack of guidance on the ongoing implementation of this law, Korea's lack of transparency during the development of K-REACH's rules and requirements, the insufficient time for companies to implement KREACH's requirements, and K-REACH's lack of protection for confidential business information. The United States has raised these concerns numerous times, including through KORUS and at WTO Committee on Technical Barriers to Trade (TBT) meetings. In 2017, the Ministry of Environment (MOE) introduced an amendment to K-REACH that changed the registration and reporting requirements, and creating special provisions for small businesses. The amendment is currently pending at the National Assembly and is likely to be adopted in the second half of 2018. The United States continues to urge Korean ministries to base regulations on scientific evidence and will engage Korean authorities as implementation progresses.

Alcohol Labeling

On July 29, 2016, Korea notified to the WTO new health warning labels to be required on all alcoholic beverages sold in Korea. One of the labels contains the statement "alcohol is a carcinogen," thereby asserting a direct link between alcohol consumption and cancer. Korea is the first country in the world to require such a label. Although Korea's WTO notification purported to allow a 60-day comment period, the final requirements on warning labels were published halfway through the comment period with an immediate effective date and only a six-month grace period to comply. The United States has raised concerns with Korea's process for notifying this measure, which did not allow for meaningful consultation with trading partners, as well as the scientific basis for making the assertions printed on the labels.

(Source Modified: - https://ustr.gov/sites/default/files/files/Press/Reports/2018%20National%20Trade%20Estimate%20Report.pdf)

KOREA - Customs Regulations

Korea maintains an import declaration system that allows for the immediate release of goods upon acceptance of an import declaration filed without defect.With the exception of high-risk items related to public health and sanitation, national security, and the environment, which often require additional documentation and technical tests, goods imported by companies with no record of trade law violations are released upon the acceptance of the import declaration without Customs inspection.The Korean Customs Service's Electronic Data Interchange (EDI) system for paperless import clearance allows importers to make an import declaration by computer without visiting the Customs House.

Import declarations may be filed at the Customs House before a vessel enters a port or before the goods are unloaded into bonded areas.In both cases, goods are released directly from the port without being stored in a bonded area, if the import declaration is accepted.

Exporters can file an export notice to Korean Customs by computer-based shipping documents at the time of export clearance.All commodities can be freely exported unless they are included on the negative list.

To view Customs regulations, please go to the website below:

Korea Customs Service
Telephone: 82-42-472-2196
Fax: 82-42-481-7969
E-mail: kcstcd@customs.go.kr
http://english.customs.go.kr/
(Source: https://www.export.gov/article?id=Korea-Customs-Regulations)

Exports: - $577.4 billion (2017 est.), $512 billion (2016 est.)

Exports Commodities: - semiconductors, petrochemicals, automobile/auto parts, ships, wireless communication equipment, flat displays, steel, electronics, plastics, computers.

Exporting Partners: - China 25.1%, US 12.2%, Vietnam 8.2%, Hong Kong 6.9%, Japan 4.7% (2017)

Imports: - $457.5 billion (2017 est.), $393.1 billion (2016 est.)

Import Commodities: - crude oil/petroleum products, semiconductors, natural gas, coal, steel, computers, wireless communication equipment, automobiles, fine chemicals, textiles.

Import Partners: - China 20.5%, Japan 11.5%, US 10.5%, Germany 4.2%, Saudi Arabia 4.1% (2017)

(Source: https://www.cia.gov/librarY/publications/the-world-factbook/geos/ks.html)

CHEMEXCIL'S EXPORT PERFORMANCE

For the years2015-16, 2016-17 & 2017-18

USD In million

CHAPTER NO. /PANEL	2015-16 (Actual)	2016-17 (Actual)	% over 2015-16	2017-18 (Provisional)	% over 2016-17
(32) Dyes & (29) Dye Intermediates	2055.09	2108.20	2.58	2403.62	14.01
(28) Inorganic,(29) Organic & (38) Agro Chemicals	7453.43	7712.75	3.48	10665.67	38.29
(33)Cosmetics, (34) Soaps, Toiletries & (33) Essential Oils	1472.02	1566.60	6.43	1801.33	14.98
(15) Castor Oil	705.20	674.73	-4.32	1043.99	54.73
Total	**11685.74**	**12062.28**	**3.22**	**15914.61**	**31.94**

Source: DGCI&S

CHEMEXCIL's Export Statistics : KOREA RP

for the years 2015-16, 2016-17 & 2017-18

USD In million

CHAPTER NO. /PANEL	2015-16 (Actual)	2016-17 (Actual)	% over 2015-16	2017-18 (Provisional)	% over 2016-17
(32) Dyes & (29) Dye Intermediates	88.59	101.91	15.03	112.09	9.99
(28) Inorganic, (29) Organic & (38)Agro chemicals	210.72	194.95	-7.49	212.58	9.04
(33) Cosmetics,(34) Soaps, Toiletries and (33) Essential oils	15.02	17.52	16.63	16.42	-6.28
(15) Castor Oil	10.63	11.15	4.91	15.84	42.06
TOTAL	**324.97**	**325.53**	**0.17**	**356.93**	**9.65**

Source: DGCI&S

DYES TOP ITEMS EXPORTS TO KOREA RP

(Value US$ in million)

HS Code	Product	2015-16	2016-17	2017-18
32041751	PIGMENT BLUE 15 (PATHALOCYANINE BLUE)	13.28	11.58	13.47
32041680	REACTIVE BLACKS	7.56	7.11	8.81
32041761	PIGMENT GREEN 7(PATHALOCYANINE GREEN)	7.01	6.90	7.24
32041650	REACTIVE BLUES	5.30	7.01	6.80
32041759	OTHER PIGMENT BLUE	3.67	3.83	6.05
32041218	ACID BLACKS	3.94	3.39	4.07
32041719	OTHER PIGMENTS YELLOW	1.01	1.38	1.70
32042010	OPTICAL WHITENING AGETNS	1.11	0.58	1.67
32041159	OTHER DISPERSE BLUE	2.16	1.76	1.34
32041630	REACTIVE REDS	1.44	1.28	1.30

SOURCE:DGCI&S

DYE INTERMEDIATES TOP ITEMS EXPORTS TO KOREA RP

(Value US$ in million)

HS Code	Product	2015-16	2016-17	2017-18
29041040	VINYL SULPHONE	16.16	29.32	24.55
29029020	DIPHENYL METHANE	0	0.27	12.03
29222160	H-ACID	8.01	9.58	4.15
29214360	2-CHLORO-5-TOLUIDINE-4-SULPHONIC ACID	0.05	0.46	0.65
29222140	GAMMA ACID	0.31	0.18	0.36
29214215	2-4-5-TRICHLORO ANILINE	0.90	0.54	0.33
29214110	ANILINE	0	0	0.16
29214223	DIMETHYL ANILINE	0.08	0.05	0.12
29214213	DICHLOROANILINE	0.07	0	0.07
29214390	OTHER TOLUIDINES & THEIR DERIVATIVES; SALTS THEREOF	0.00	0.02	0.07

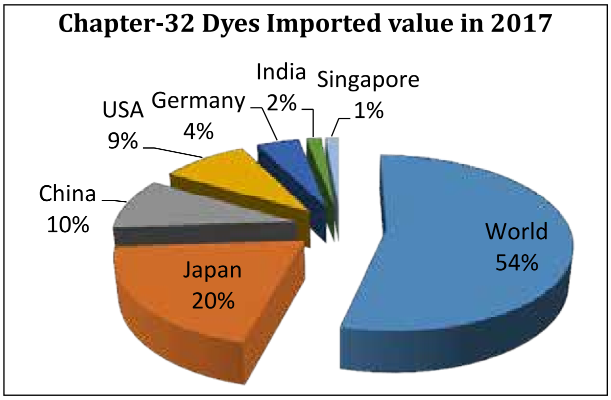
SOURCE:DGCI&S

List of supplying markets for a product imported by Korea, Republic of
Product: 32 Tanning or dyeing extracts; tannins and their derivatives; dyes, pigments and other colouring

US Dollar million

Exporters	Imported value in 2015	Imported value in 2016	Imported value in 2017
World	2417.94	2442.32	2734.06
Japan	913.57	937.96	1004.12
China	431.71	440.09	484.06
United States of America	349.10	338.80	458.85
Germany	190.86	200.63	226.60
India	82.43	75.41	81.10
Singapore	62.10	69.82	71.60

Sources: ITC



INORGANIC CHEMICALS TOP ITEMS EXPORTS TO KOREA RP

(Value US$ in million)

HS Code	Product	2015-16	2016-17	2017-18
28332400	NICKEL SULPHATE	7.35	13.94	15.99
28030010	CARBON BLACK	11.11	7.63	11.40
28311020	SODIUM SULPHOXYLATE (INCLUDING SODIUM FORMALDEHYDE SULPHOXYLATE)	1.26	1.63	1.78
28191000	CHROMIUM TRIOXIDE	0.15	0.45	1.08
28111100	HYDROGEN FLUORIDE (HYDROFLUORIC ACID)	1.39	0.73	0.89
28261990	OTHER FLUORIDES	1.48	0.59	0.89
28091000	DIPHOSPHORUS PENTAOXIDE	0.73	0.77	0.72
28391900	OTHER SODIUM SILICATES	0	0	0.54
28020010	SUBLIMED SULPHUR	0	0	0.39
28332100	MAGNESIUM SULPHATE	0.30	0.21	0.35

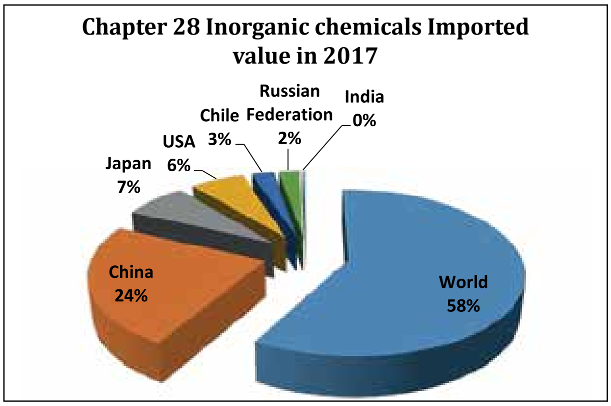
SOURCE:DGCI&S

List of supplying markets for a product imported by Korea, Republic of
Product: 28 Inorganic chemicals; organic or inorganic compounds of precious metals, of rare-earth metals,

US Dollar million

Exporters	Imported value in 2015	Imported value in 2016	Imported value in 2017
World	5780.86	5369.13	7204.06
China	2020.41	1925.28	2932.29
Japan	654.10	739.02	864.52
United States of America	629.47	572.59	736.43
Chile	141.82	197.52	298.83
Russian Federation	314.12	252.64	278.37
India	36.72	35.49	51.09

Sources: ITC



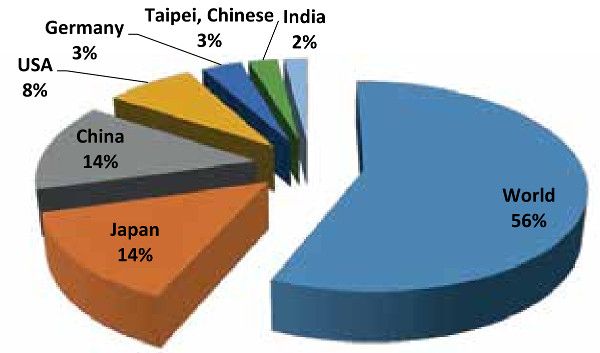
List of supplying markets for a product imported by Korea, Republic of
Product: 29 Organic chemicals

US Dollar million

Exporters	Imported value in 2015	Imported value in 2016	Imported value in 2017
World	12032.85	10944.01	12751.99
Japan	3328.10	2666.96	3173.95
China	2441.09	2558.30	3112.45
United States of America	1297.52	1602.34	1742.28
Germany	1048.74	789.13	777.98
Taipei, Chinese	533.11	457.36	560.12
India	411.35	389.98	460.09

Sources: ITC

Chapter 29 Organic chemicals Imported value in 2017



AGRO CHEMICALS TOP ITMES EXPORTS TO KOREA RP

(Value US$ in million)

HS Code	Product	2015-16	2016-17	2017-18
38089199	OTHER INSECTICIDE N.E.S.	4.01	6.76	8.43
38089390	OTHER HERBICIDES, ANTI-S-SPROUTING PRODUCTS AND PLANT GROWTH REGULATORS	8.71	5.94	4.39
38089910	PESTICIDES, NOT ELSEWHERE SPECIFIED OR INCLUDED	6.00	2.79	3.79
38089137	SYNTHETIC PYRETHRUM	1.36	1.78	2.60
38089290	OTHER FUNGICIDES	3.77	1.09	0.95
38089990	OTHER SIMILAR PRODUCTS N.E.S.	0.49	0.50	0.89
38089135	CIPERMETHRIN TECHNICAL GRADE	0.72	0.40	0.76
38089350	WEEDICIDES AND WEED KILLING AGENTS	0.56	0.57	0.53

SOURCE:DGCI&S

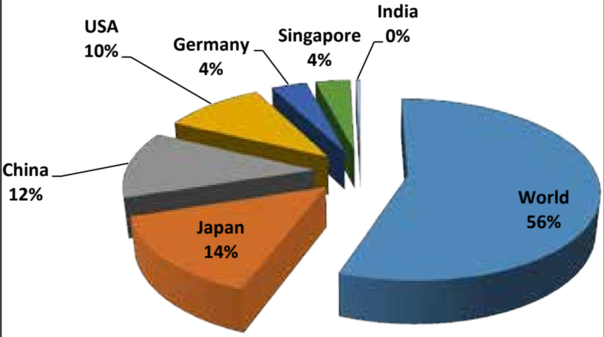
List of supplying markets for a product imported by Korea, Republic of
Product: 38 Miscellaneous chemical products

US Dollar million

Exporters	Imported value in 2015	Imported value in 2016	Imported value in 2017
World	6491.89	6660.00	7480.86
Japan	1654.44	1771.34	1939.79
China	1047.67	1251.04	1622.02
United States of America	1497.32	1307.71	1369.53
Germany	460.64	443.61	486.81
Singapore	396.63	409.25	481.58
India	66.18	56.27	63.89

Sources: ITC

Chapter 38 Agro and Misc. chemicals Imported value in 2017



COSMETICS AND TOILETRIES TOP ITEMS EXPORTS TO KOREA RP

(Value US$ in million)

HS Code	Product	2015-16	2016-17	2017-18
38231900	OTHER INDUSTRIAL MONOCARBOXYLIC FATTY ACID	4.04	4.76	6.39
29157040	HCO FATTY ACID(INCLUDING 12-HYDROXY STEARIC ACID)	1.88	2.12	2.54
33059040	HAIR DYES(NATURAL, HERBAL OR SYNTHETICS)	0.62	1.99	1.67
38099190	OTHER TEXTILE ASSISTANTS	0.79	1.19	0.80
34012000	SOAP IN OTHER FORMS	2.65	1.61	0.62
33051090	OTHER HAIR SHAMPOOS (NON SPIRITUOUS)	1.73	1.44	0.54
34021300	NON-IONIC W/N FOR RETAIL SALE	0.24	0.32	0.35
33041000	LIP MAKE UP PREPARATIONS	0.30	0.23	0.34
34011190	OTHER SOAPS AND ORGANIC SURFACE ACTIVE PRODUCT FOR TOILET USE (INCLUDING MEDICATED PRODUCTS)	0.13	0.19	0.21
29157050	D.C.O. FATTY ACID	0.19	0.23	0.15

SOURCE:DGCI&S

ESSENTIAL OILS TOP ITEMS EXPORTS TO KOREA RP

(Value US$ in million)

HS Code	Product	2015-16	2016-17	2017-18
33019090	OTHR CONC OF ESNL OILS IN FATS/FIXD/WAX LIKE TRPNC BYPRDCTS OF DETERPENATION OF ESNL OILS AQUS DISTLTS/SOLTN ESNL OL	0.02	0.13	0.22
33012990	OTHER ESSENTIAL OILS	0.07	0.13	0.16
33011990	CITRONELLA OIL CEYLONTYPE INCLUDING & CONCETRATE	0.09	0.03	0.07
33029019	OTHER MIXTURE OF AROMATIC CHEMICALS AND ESSENTIAL OILS AS PERFUME BASE	0.02	0.02	0.06
33019033	ESSENCE OF AMBRETTOLIE (AMBRETTE SEED OIL ESSENCE)	0	0.01	0.02
33012924	EUCALYPTUS OIL	0.00	0.00	0.01
33029012	SYNTHETIC ESSENTIAL OILS	0	0	0.01
33011910	CITRONELLA OIL, JAVA TYPE	0.00	0.00	0.01
33012938	ROSE OIL	0.00	0.01	0.00
33012942	LEMONGRASS OIL	0.01	0.01	0.00

SOURCE:DGCI&S

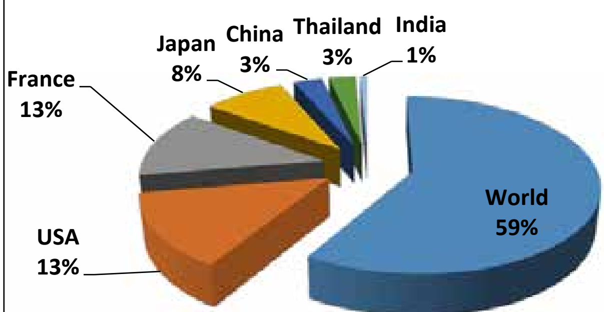
List of supplying markets for a product imported by Korea, Republic of
Product: 33 Essential oils and resinoids; perfumery, cosmetic or toilet preparations

US Dollar million

Exporters	Imported value in 2015	Imported value in 2016	Imported value in 2017
World	1718.23	1778.00	1917.35
United States of America	489.44	449.07	442.72
France	344.06	374.33	412.03
Japan	221.17	258.56	277.30
China	67.49	85.23	98.53
Thailand	77.31	80.74	91.20
India	19.11	24.27	24.33

Sources: ITC

Chapter 33 Essential oils Imported value in 2017



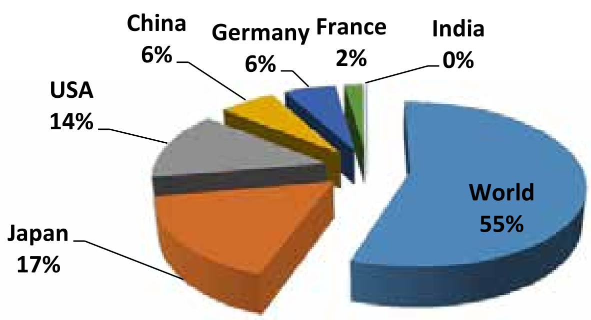
List of supplying markets for a product imported by Korea, Republic of
Product: 34 Soap, organic surface-active agents, washing preparations, lubricating preparations, artificial .

US Dollar million

Exporters	Imported value in 2015	Imported value in 2016	Imported value in 2017
World	889.64	884.27	960.88
Japan	237.79	259.60	291.61
United States of America	261.66	230.58	236.45
China	88.72	91.08	107.93
Germany	79.98	91.78	99.56
France	29.64	30.49	36.32
India	5.41	6.29	2.72

Sources: ITC

Chapter 34 Soaps Imported value in 2017



CASTOR OIL TOP ITEMS EXPORTS TO KOREA RP

(Value US$ in million)

HS Code	Product	2015-16	2016-17	2017-18
15162039	OTHER HYDROGENATED CASTOR OIL (OPAL WAX)	1.52	1.40	1.84
15180029	OTHER CASTOR OIL DEHYDRATED	0.01	0	0.00

SOURCE:DGCI&S

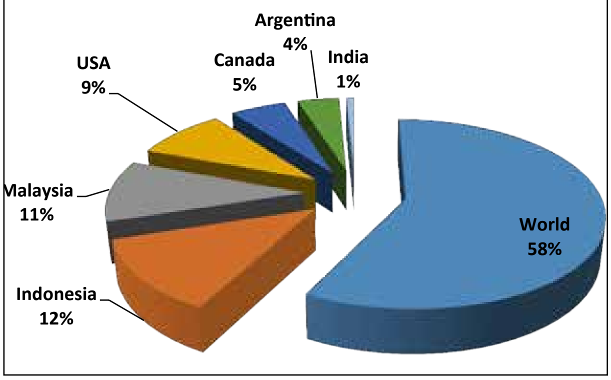
List of supplying markets for a product imported by Korea, Republic of
Product: 15 Animal or vegetable fats and oils and their cleavage products; prepared edible fats; animal

US Dollar million

Exporters	Imported value in 2015	Imported value in 2016	Imported value in 2017
World	1039.15	1057.37	1238.08
Indonesia	158.16	203.01	263.46
Malaysia	227.90	203.91	229.56
United States of America	83.71	108.55	190.28
Canada	76.53	89.42	117.00
Argentina	96.73	115.06	87.87
India	13.75	12.31	17.10

Sources: ITC

Chapter 15 Castor oils etc. Imported value in 2017



CHEMEXCIL ACTIVITIES

1. Chemexcil Seminar on Managing Forex Risk in Volatile Market

View of Seminar on "Managing Forex Risk in Volatile Market" in association with Edelweiss Forex on 18/12/2018 in Mumbai.

Recent volatility in Forex markets has been a cause of serious concern for the member exporters who are into import/ export and worried about their competitiveness.

In this regard, **"M/s. Edelweiss Forex & Rates"** had organized a seminar on "*Managing Forex Risk in Volatile Market"* especially for Chemexcil member-exporters on 18/12/2018 at Edelweiss House, Mumbai.

The objective of this seminar was to create awareness about various aspects of **"Forex Risk Management"** amongst our MSME members so that they can take informed decisions about risk management.

The seminar was graced by following:

"Edelweiss Forex & Rates" Faculty

1. ***Shri Sajal Gupta, CA, Head- Forex & Rates***
2. ***Ms. Madhavi Arora, Economist***
3. ***Shri Yashesh Sampat- Head (Affinity and Associations)***

Council Representatives

1. ***Shri Deepak Gupta-*** *Deputy Director, Chemexcil*
2. *Member-exporters of Chemexcil*

Shri Sajal Gupta (Head- Forex & Rates), welcomed the participants and thanked them for providing an opportunity to Edelweiss to showcase their forex advisory services.

Shri Sajal Gupta then explained in detail the FX risk management products like **forward contracts, options, range forwards** etc and their pros and cons. He also explained **cash rate/ spot rate,** difference between dealing with an AD bank and on NSE and its impact on fineness of rates. He advised the participants to avoid speculation and develop their company's forex policy for risk management to safeguard their margins.

Ms. Madhavi Arora (Economist), made a detailed presentation on the factors which are guiding forex markets such as **US-China Trade War, Brexit, US Federal Reserve guidance, Yield Curves, RBI's monetary policy, Indian political situation** and recent scams etc. She explained that India is a **high beta country** with high volatility but also high returns. She also apprised the participants about future scenarios of INR/USD keeping in mind general elections and other possible trigger events etc.

Shri Yashesh Sampat, made a brief presentation on credit insurance products being offered by Edelweiss related to **export credit risk** etc. He also informed about availability of insurance for Cyber related issues (such as hacking of e-mail id of exporter and related losses etc).

The interactive session was attended by around **20 members-exporters** of Chemexcil**.** The participants interacted with eminent experts from Edelweiss Forex & Rates and where satisfied with the responses.

The session ended with thanks, followed by Hi-Tea.

2. Chemexcil's Participation in MSME Support and Outreach Programme at Umbergoan, Dist. Valsad, Gujarat

The Council had received intimation from Department of Commerce regarding participation in MSME Support and Outreach Programme at Umargam Industries Association Community Hall, GIDC Colony, Near Aaraam Restaurant, Main Road Umbergoan, Distt. Valsad, Gujarat on 11th January, 2019.

The lead agency for this event was MSME, Gujarat Region alongwith Dena Bank.

This programme at Umbergaon was graced by Mr. Vijay Patel, Bank of Baroda, Ms. Hemangini Barot, District Development Manager, NABARD, Mr. Sagar Meshram, Chief Manager, Dena Bank, Mr. Sudeep Mishra, Scientist (Analytical), Institute of Pesticides Formulation Technology, Department of Chemicals & Petrochemicals, Mr. Suresh Tamhane, Foreign Trade Developement Officer, o/o Jt. DGFT, Valsad, Shri A.T. Nagrare, Assistant Director-CHEMEXCIL.

All Banks in Umbergaon Taluka attended this event and briefed about how to open PMJDY (Pradhan Mantri Jan Dhan Yojana) Account.

Shri A. T. Nagrare, Asstt. Director briefed the gathering about the services offered by Council to its Member Exporters by participating in overseas Trade Fairs, BSMs, Issues related to Ministry etc.

The Programme was attended by more than 25 MSME Exporters and Bank representatives. They appreciated the efforts by Government to open PMJDY (Pradhan Mantri Jan Dhan Yojana) Account.

3. Chemexcil's participation at Vibrant Gujarat Global Trade Show 2019

To support the Vibrant Gujarat Event organized by the Govt. of Gujarat, Chemexcil had decided to participate actively by setting up its own Stall at the Vibrant Gujarat Global Trade Show 2019. The VGGTS 2019 was held from 17th January 2019 till 22nd January 2019 at the Helipad Ground (Exhibition Ground), Opp. Udyog Bhavan, Gandhinagar, Gujarat.

The VGGTS 2019 was inaugurated by Hon'ble PM Shri Narendra Modi on 17th January 2019.

Over 1100 stalls were set up in 15 domes at the VGGTS 2019. Chemexcil was allotted Stall No. 45 in the Dome No. 8, which had majority of state government departments and few other EPCs and other private companies as stall holders.

We had put up 5 posters of Chemexcil displaying what we are and what are our activities, and the sectors which fall under our purview, and also a standee promoting our upcoming South Africa Exhibition.

Regional Chairman Shri Bhupendra Patel; Shri Shankerkaka Patel; Shri Yogesh Parikh, President of GDMA & Shri Haresh Bhuta, Hon. Secretary of GDMA visited the stall. A few other members also visited our stall. There were many other visitors to whom we provided information about our activities and invited related people to become members. We had direct interaction with about 150 visitors on our stall and expect to get about 5 new members from the visitors.

We also interacted with other EPCs and visited the Africa Hall to establish connection with diplomatic offices in India of African countries with business potential for our sector.

Our staff of Ahmedabad Regional Office were present at the stall on all the days splitting their duties to ensure that the office also was open on all days. (Jayesh Solanki – 6 days, Shreya Shah – 3 days, Mona Shah – 2 days, Dharmendra Joshi – 4 days).

Regional Chairman Shri Bhupendra Patel, Chairman of The Green Environment Services Co-op. Services Society Ltd. Shri Shankerbhai Patel and Shri Kirit Patel, Past President fo Vatva Industries Association visiting Chemexcil Stall at Vibrant Gujarat Global Trade Show 2019 in Gandhinagar.

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CHEMEXCIL

4. Interactive session for MSME Exporters on 'Export Finance: The Easy Solution for your Working Capital Needs'

Availability of export finance has been a concern for MSME exporters and impacted their competitiveness and ability to grow export business.

"View of interactive session on Export Finance in association with Drip Capital"

In this regard, the council had organised an Interactive session for MSME exporters on ***'Export Finance: The Easy Solution for your Working Capital Needs'*** in association with ***M/s. Drip Capital Services India LLP*** to appraise them about export finance products and services that can be helpful to grow their business without extending their security as collateral while availing export financing once the goods are exported.

M/s. Drip Capital (www.dripcapital.com) is a trade finance company headquartered in California, USA backed by the world's largest VC investors and offers finance to Indian exporters selling to buyers in North America, Europe, Middle East and Asia Pacific**.**

The session was graced by following:

- **Council Representatives**
  1. *Shri S. G Bharadi, Executive Director*
  2. *Shri Prafulla Walhe, Deputy Director*
  3. *Shri Deepak Gupta- Deputy Director*
- **From M/s. Drip Capital Services LLP**
  1. *Shri Ravi Narwani- Director (Business Development)*
  2. *Shri Akhilesh Thakur, Event Manager*

Shri Ravi Narwani- Director (Business Development) made presentation on export finance and interacted with the participants.

Shri Narwani is a MBA from IIM Lucknow & B. Chem. Tech graduate from UICT Mumbai (formerly known as UDCT) with a total experience of almost a decade in the financial services industry. He has worked with premier Banks & NBFC like ICICI Bank, Yes bank & Reliance Capital. He has handled various portfolios till now ranging from handling Large Corporates, SMEs to infrastructure Project Financing.

Shri Narwani explained that their **export finance/ factoring** product includes the purchase, funding, management and collection of short-term export receivables, based on goods exported to existing foreign buyers.

The export **factoring method** has several benefits like increased sales in foreign markets by offering competitive terms of sale, protection against credit losses, accelerated cash flow, no requirement of providing/pledging additional asset/collateral, boost in working capital etc.

In order to appraise exporter members about this product and the process and modalities involved in availing easy export finance, he covered following points:

- ***Working capital issues faced by SME Exporters***
- ***Overview of Export Finance/ Factoring concept***
- ***Key offering and benefits to exporters (Set up cost, commission, interest charges, TAT)***
- ***Eligibility criteria, excluded countries etc***
- ***Process for procuring Export Finance***
- ***Q& A Session***

The interactive session was attended by **15 members-exporters.** The participants interacted with eminent faculty and where satisfied with the responses. The session ended with thanks, followed by Hi-Tea.

5. Interactive Meeting with Shri Rajneesh, IAS, Joint Secretary (E&MDA Divn & FT-ASEAN Region) Ministry of Commerce & Industry on ASEAN specific export related issues on 31/01/2019 at Chemexcil Conference Room, Mumbai

An interactive meeting had been called upon by Shree Rajneesh, IAS, Jt. Secretary (E&MDA Divn. & FT-ASEAN REGION), MoC&I with Chemexcil members to deliberate on ASEAN specific export related issues.

The objective of the meeting was to understand the impediments faced by the exporters while exporting to ASEAN region and the support needed from the government.

This meeting was graced by following officers & council/industry representatives:

Ministry of Commerce & Industry:

Shri Rajneesh, IAS, Joint Secretary (E&MDA Divn & FT-ASEAN Region)

CHEMEXCIL Representatives

1. Shri. Satish Wagh, Chairman Chemexcil
2. Shri Ajay Kadakia, Vice Chairman
3. Shri. S.G. Bharadi, Executive Director
4. Shri. Prafulla V. Walhe, Dy. Director
5. Shri. Deepak Gupta, Dy. Director

MEMBER/INDUSTRY PARTICIPANTS:

1. Shri. Vikram Sampat, Sr. Vice President & Business Head, (PX & OX), M/s. Reliance Industries Limited
2. Shri Rajesh Prasad, Vice President (Aromatics), M/s. Reliance Ind Limited
3. Shri Rugvedaya Dubhashi, Associate Vice-President (Marketing), M/s. Godrej Industries Ltd
4. Shri Jayesh Shah, General Manager (Exports), M/s. Godrej Inds Ltd
5. Dr. Sandeep Singh Panwar, PMFAI / Manager Director, Farinsys Agro
6. Shri Deepak V Bhimani, CMD, M/s. Navdeep Chemicals Pvt ltd
7. Shri Manan Mehta, Director, M/s. Arabian Petroleum Ltd
8. Shri Sudhakar Shetty, General Manager- M/s. Aarti Industries Limited
9. Shri Umesh Rao, General Manager (Exports), M/s. Caprihans India Limited
10. Shri Khushal Dhonde, Manager- Tech Sales, M/s. Navdeep Chemicals Pt ltd
11. Shri H Dave, Manager-MKTG (Specialty Chem),M/s. Viswaat Chemicals Ltd

12. Shri Darshan Shah, Manager- BD, M/s. Ambuja Intermediates Ltd

13. Shri Kirti Mehta, M/s. Maulik Dye Chem Ind.

Points of Discussion

Shree Rajneesh, IAS, Jt. Secretary (E&MDA Divn. & FT-ASEAN REGION), MoC&I welcomed the Council's COA members/ officers and also the participants. He mentioned that he is keen to understand the export activities of the council and would also welcome suggestions from the participants on how to boost exports to ASEAN region.

The Joint Secretary (E&MDA Divn & FT-ASEAN Region) also informed that members need to actively give inputs for the on-going RCEP negotiations which will help their case.

Subsequently, Chemexcil representative ran through the presentation on Chemexcil panel wise exports and also exports to ASEAN which council had prepared with top markets, top items and issues faced and support required.

The Joint Secretary (E&MDA Divn & FT-ASEAN Region) then inquired with the industry representatives for the reasons for decline/ growth in exports of their product panels to ASEAN region.

The participants provided valuable inputs which are summarised as follows:

- M/s. Reliance Industries Ltd (RIL) representatives informed that the Exports of Para xylene had reduced due to captive consumption during the concerned 2014-15 period. But subsequently, the new plant was commissioned so exports have grown. However, it was also informed that in 2020, China is coming up with new capacity, which will create lot of competition and impact exports. Further, they shared that exports from ASEAN to China are entitled to subsidies in China which further impacts exports from India. They requested government support in this matter to improve competitiveness. The Joint Secretary (E&MDA Divn & FT-ASEAN Region) advised them to forward a note having details of this issue.

- RIL representatives also highlighted the issue of heavy congestion at Kandla for vessel cargo. Moreover, due to lack of reverse freighting possibilities, vessels are not keen to call Kandla port which delays the shipments. Also it was pointed out that currently, exporters have to mention destination country in the shipping bill. But internationally, flexibility is allowed in vessel load cargo with time of 15 days. This will help the exporter divert/ or sell the material to another buyer if needed. Joint Secretary (E&MDA Divn & FT-ASEAN Region) advised them to forward a note having details.

- M/s. Navdeep Chemicals representatives observed that other alternative ports like Hazira, ICD Ankleshwar etc are still not preferred by the exporters who continue to ship from Mundra, JNPT. As a result, congestion levels don't come down at these major ports. In this regard, there is need to create awareness about the alternative ports which are not used actively.

- M/s. Godrej Inds (GIL) representatives highlighted the issues of duty inversion and also duty disadvantage in certain markets which impacts exports. In case of level playing field vis.a.vis China, exports can get a boost. The details of the issue were already provided to FT-ASEAN for reference.

- M/s Aarti Industries representative highlighted their issue of duty dis-advantage in one of the export market (Philippine) in ASEAN region and were advised to forward details for examination. He commended the improvements in ease of doing business, but urged that port infrastructure needs to be improved.

- PMFAI Representative highlighted the issue of agrochemicals where in Raw-material and Intermediates (MUPs) which fall under Chapter 28 and 29, the basic Customs Duty is 7.5%. However, for Readymade Pesticide Formulations (Finished products) which fall under Chapter 3808 basic Customs Duty applied is only 10%. It was requested that to support indigenous pesticides manufacturing sector, Government should increase Customs Duty on imports of readymade Pesticide Formulations (finished products) from 10% to 25%, while maintaining existing customs duty structure of 7.5% on imports of Raw-material and Intermediates which goes in manufacturing Technical grade products and pesticides formulations in India. It was further suggested that there was a need for Self-reliance in creating technologies for promoting indigenous manufacturing and Innovations and also a Policy be made for compulsory registration of Technical Grade Pesticides (Active Ingredients) in India, prior to granting of registrations for Formulations based on the said Technical grade product to ensure production and availability of high quality Technical grade products to Indian manufacturers/formulators (specialty MSME's). PMFAI representative submitted a representation to the Joint Secretary (E&MDA Divn & FT-ASEAN Region) who take note of the same.

- Participants also high-lighted various other issues like delays caused by Export Inspection Council (EIC) while issuing Form-A. There were also case of IEC Form-A not getting accepted in Vietnam. Such delays adversely impact customs clearance by buyer in overseas port. It was also highlighted that the EIC has closed its Pune office and the same is merged with Mumbai office. This will inconvenience the exporters based in Pune. JS-ASEAN took note of the same.

- To resolve the EIC related issues, it was also suggested that a EU REX like model can be adopted for Form A also in ASEAN countries. However, it was advised by Joint Secretary (E&MDA Divn & FT-ASEAN Region) that such a system might take time and till then existing EIC related issues need to be resolved.

The Joint Secretary (E&MDA Divn & FT-ASEAN Region) thanked the participants for sparing their time for interaction and advised them to forward notes on their issues so that the same could be examined and taken forward.

NEWS ARTICLE

1. Currency swap pact between India, UAE to help boost trade, investments, says official

Signing of currency swap agreement between India and the UAE will help in boosting trade and investments between the two countries, a commerce and industry ministry official said Wednesday.

The idea for the agreement was first mooted by Commerce and Industry Minister Suresh Prabhu and it was discussed at length in the sixth meeting of the UAE - India High Level Joint Task Force on Investments held in Mumbai in October. (IE)

Signing of currency swap agreement between India and the UAE will help in boosting trade and investments between the two countries, a commerce and industry ministry official said Wednesday. With this arrangement, the two countries allow trading in their own currency and payments to import and export trade at pre-determined exchange rate without bringing in a third benchmark currency like the US dollar, the official added.

The idea for the agreement was first mooted by Commerce and Industry Minister Suresh Prabhu and it was discussed at length in the sixth meeting of the UAE - India High Level Joint Task Force on Investments held in Mumbai in October. The commerce ministry was continuously pursuing the matter with the UAE authorities.

The ministry has also established a special UAE desk to facilitate investments and resolve issues relating to UAE Investments in India. The pact will further boost bilateral trade and investments between the countries, the official added. The bilateral trade stood at USD 50 billion in 2017-18. India has attracted USD one billion in FDI (foreign direct investment) during that fiscal.

(Source: https://www.financialexpress.com/economy/currency-swap-pact-between-india-uae-to-help-boost-trade-investments-says-official/1404519/ dated 5th Dec-2018)

2. Indian economy requires more skilled workforce than present: Mandaviya

Shri Mandaviya said that in the near future, most of the sectors of the Indian economy would require a more skilled workforce than the present. It would be both a challenge and an opportunity for India to provide its workforce with required skill sets and knowledge to enable them to contribute substantially to its economic growth.

Shri Mandaviya said that in the near future, most of the sectors of the Indian economy would require a more skilled workforce than the present. (Image credit: wikimedia commons)

"India has an advantage of Demographic Dividend like no other country in the World has today with over

60% per cent of its youth in the working age group at present", said Minister of State for Chemicals & Fertilizers, Road Transport & Highways, Shipping, Shri Mansukh L. Mandaviya in a statement here today.

Shri Mandaviya said that in the near future, most of the sectors of the Indian economy would require a more skilled workforce than the present. It would be both a challenge and an opportunity for India to provide its workforce with required skill sets and knowledge to enable them to contribute substantially to its economic growth. Prime Minister of India, Shri Narendra Modi has identified 'Skill India' as a mission to skill India's youth and ensure optimal utilization of India's demographic dividend, the Minister added.

In this background, the Minister informed that the Department of Chemicals & Petrochemicals, under Ministry of Chemicals & Fertilizers, has made good progress in creating a skilled workforce and generating gainful employment for Indian youth through Central Institutes of Plastic Engineering & Technology (CIPETs) across the country.

Giving information in this regard, Shri Mandaviya informed that since 2014, there has been a significant jump in the number of CIPET centres in the country from 23 to 39 in 2018. In the field of Plastics Engineering and Technology, CIPET is running long-term and short-term courses, including post-graduate, undergraduate and diploma. In the last 4 years, CIPET has provided professional and skill development training to approximately 6.4 lakh persons and employment to approximately 5.8 lakh persons in the field of plastic and allied industries, the Minister added.

(Source: https://www.devdiscourse.com/article/headlines/275823-indian-economy-requires-more-skilled-workforce-than-present-mandaviya dated 3rd Dec-2018)

3. Key points for first ever filing of GST Annual returns

The Central Board of Indirect tax and Customs (CBIC) has issued the format of annual returns under the Goods and Service Tax (GST). The Taxpayers have to file their first GST annual returns pertaining to the Financial Year 2017-18 by December 31, 2018. The government has introduced different types of annual return keeping in mind the various categories of taxpayers. For instance, GSTR-9 for regular taxpayers and GSTR-9A for composition scheme taxpayers have been issued. All the taxpayers registered under GST except input service distributors, casual taxable persons, non-resident taxable persons and persons liable to deduct tax at source, and are required to file the annual returns.

Here are some key points one must keep in mind before filing the annual returns for

the FY 2017-18:

I. Reconciliation of the books of accounts and tax invoices are issued during July 2017 to Mar 2018 is of utmost importance; this should match the turnover declared in the audited financial statements. It is important for the figures in the books of accounts and the invoices to match or else the GST paid will be incorrect. Along with the invoices, debit and credit notes shall also be in agreement with books of accounts.

II. Stock transfer between the units/branches of the company should be matched with the books of accounts to avoid any discrepancy in the stock-in-hand balance of the books and that of the GST data.

III. Matching of e-way bill data with the tax invoices issued during the period is also very necessary. The e-way bill data state-wise should be carefully mapped with the invoices to keep track of the goods transported and GST paid thereon.

IV. Taxpayers should ensure that all the purchase & other service invoices are accounted for in the books of accounts and input tax credit has been duly availed. Any disparity between the input tax credit claimed and tax paid on purchases will result in an incorrect claim of ITC in GST returns

V. Once the purchase invoices are in agreement with the books of accounts, the taxpayers should ensure that the purchase data is duly uploaded by the suppliers; this data will be reflected in the GSTR-2A form.

VI. Before going forward with filing the annual returns, the taxpayers should reconcile all the monthly or quarterly GST returns with the books of accounts. The taxable, exempted and non-GST turnover should be carefully matched. Any difference should be immediately corrected.

VII. Ensure that the invoices on which input tax credit has been claimed should be paid within 180 days to the suppliers. If not, the credit availed on the same will be reversed and the taxpayers will be liable to pay such amount along with the interest and penalty if any.

VIII. While reconciliation the GST paid by electronic cash or credit ledger, the taxpayers should also account for GST paid under Reverse Charge Mechanism (RCM) on the applicable expenses.

IX. Make sure that you follow the tips mentioned above, before the December 31, 2018.

X. The rationale behind the filing of the annual return is to consolidate and declare all the information furnished in the monthly or quarterly GST returns during the year.

(Source : https://economictimes.indiatimes.com/small-biz/policy-trends/key-points-for-first-ever-filing-of-gst-annual-returns/articleshow/66964405.cms)

4. All countries will lose in a global trade war: WTO chief

Washington: All countries will lose in a global trade war, the head of the world's trade referee warned in a speech on Wednesday. Under attack from US President Donald Trump, the head of the World Trade Organisation, Roberto Azevedo, acknowledged that reforms are needed, but rejected criticism that trade is the main cause of job losses.

Azevedo welcomed the commitment by the Group of 20 over the weekend in Buenos Aires to reform the WTO to better preside over the modern trading system, saying the "system can be better." But as the Trump administration has aggressively imposed punitive tariffs on trading partners, especially on China, with the goal of reducing the US trade deficit, Azevedo said that "we have to get away from the idea that trade is a zero-sum proposition."

"It is not. Everyone can benefit," he said in a speech to the National Foreign Trade Council.

He welcomed the US-China truce reached in Buenos Aires, and the commitment to reach a deal to defuse the conflict between the world's two biggest economies. The alternative of escalating the trade conflict would undermine the global economic recovery, he said.

The "outcome in all simulations is that trade and economic growth will slow down and that all countries, without exceptions, will lose out in a global trade war," Azevedo said.

That is a warning the International Monetary Fund also has issued. Azevedo acknowledged the growing anxiety in a changing economy but stressed that most of the job losses are due to technological change, rather than trade.

Trade is "an engine of growth, productivity, innovation, job creation," he said. The Trump administration has blocked the workings of the WTO dispute arbitration system. Azevedo again flagged the dangers of that path, saying it could undermine the WTO.

But he said that after the agreement by the G20, "I believe that this is a once-in-a-generation opportunity to renew the trading system."

(Source : https://www.timesnownews.com/business-economy/markets/article/sensex-today-bse-nse-stock-market-news-sensex-cracks-over-300-points-nifty-drops-below-10700/326764 dated 6th December-2018)

CHEMEXCIL

5. New industrial policy to address challenges faced by mfg sector: Official

The manufacturing sector has lagged and the time is opportune to give primacy to this sector, Anand Singh Bhal, Principal Economic Adviser in the DIPP, said

The New Industrial Policy, to be announced soon, will address challenges faced by the manufacturing sector encompassing adoption of standards and quality control to boost India's industrial base, a senior official said.

The manufacturing sector has lagged and the time is opportune to give primacy to this sector, Anand Singh Bhal, Principal Economic Adviser in the Department of Industrial Policy and Promotion (DIPP), said while addressing the India-Korea Technology and Education Exchange Forum.

"India is not a very strong manufacturing nation, and (the segment) only contributes 16 percent to our GDP which is not very good," he said.

Under the Make in India initiative, the government aims to increase the share of the manufacturing sector to the gross domestic product (GDP) to 25 percent by 2022.

He also said that India had a lot to learn from South Korea in terms of innovation in the manufacturing sector and creating a robust industrial base. The learnings and their implementation will also create large avenues for employment, the burden of which is currently borne by the services sector.

(Source: https://www.moneycontrol.com/news/india/new-industrial-policy-to-address-challenges-faced-by-mfg-sector-official-3262031.html dated 6th December-2018)

6. Third round of India-Peru FTA underway in New Delhi; will boost investment and trade

The third round of talks for the free trade agreement (FTA) between India and the South American nation Peru is taking place in New Delhi, with the bilateral trade touching $ 1.60 bn.

The third round of talks for the free trade agreement (FTA) between India and the South American nation Peru is taking place in New Delhi, with the bilateral trade touching $ 1.60 bn. Top diplomatic sources confirmed to Financial Express Online that "Officers from both countries are meeting for the third round of negotiations in New Delhi until Friday."

Since both countries are keen to expand the trade basket between the two especially in the agriculture and earth minerals, early conclusion of this special agreement will help in liberalizing norms for trade in goods and services and deepen their trade and investments.

The talks of the special trade agreement with Peru was started in 2017, as has been reported by FE earlier, the two sides have had two rounds of talks earlier.

A high level team from the Ministry of Commerce and Industry had travelled to Lima last year to study the feasibility of having such an agreement with the South merican nation and identified the issues that could be addressed to expedite the agreement.

The outgoing ambassador of Peru in India, Jorge Juan Castañeda Méndez had told Financial Express Online in an earlier interaction that Peru could be used by Indian investors as a gateway to the region. There are a number of opportunities in the South American nation in various sectors including construction of roads, highways, ports, and airports. Also, since both have complementary seasons, Indians will soon be eating mangoes and potatoes from that country. A lot of citrus fruits, avocado, grapes and quinoa are already here.

According to Sandip Wasnik, an independent Latin America and Caribbean Market Specialist, that, "Peru is one of the most extensively mineralised countries in the world. Currently, it the largest producers of copper and is also a major producer of gold, silver, zinc among other minerals. The country has 11% of the world's copper reserves, 5 % of its Gold, 21% of its Silver, 12.5% of Zinc, 8% of Lead and 3 % of Tin reserves."

Import of Gold from Peru has gone up from last year's $ 1.3 bn and it has potential of going up further. India is buying copper from Peru as there is huge concentration of Copper which Indian mining companies can explore.

Peru is also the second largest exporter of table grapes- Red Globe variety- to India, a position it holds even today. These grapes are typically available in Indian supermarkets between December and April every year.

(Source: https://www.financialexpress.com/economy/third-round-of-india-peru-fta-underway-in-new-delhi-will-boost-investment-and-trade/1405666/ dated 6th Dec-2018)

7. Commerce Ministry ropes in think-tanks, IIM-C, to assess RCEP deal

The agencies are expected to submit the report by January, 2019 and will be considered to decide the course of actions related to the mega trade deal

The commerce ministry has roped in three external institutions--IIM Calcutta, Indian Council for Research on International Economic Relations (ICRIER), and Centre for Regional Trade (CRT)—to prepare a detailed report and assess the economic impact of the proposed Regional Comprehensive Economic Partnership (RCEP) trade deal.

The agencies are expected to submit the report by January, 2019 and will be considered to decide the course of actions related to the mega trade deal that is expected to conclude next year, a senior government official said.

The changes will be applicable to current and future FTAs, while in case of existing agreements, changes will be made during its review, the official said.

The economic and trade policy think-tanks are expected to talk to the industry, including exporters, importers, manufacturers, among others, for their inputs and feedback.

Barriers to trade, in form of import restriction is eventually removed when a free trade agreement is signed among trading nations to mainly increase exchange of goods and services.

RCEP is a proposed free trade agreement among 16 countries. This includes 10-member 10 member countries from Association of South-East Asian Nations (ASEAN) block--Brunei Cambodia, Indonesia, Malaysia, Myanmar, Singapore, Thailand, the Philippines, Laos and Vietnam--and their six FTA partners--India, China, Japan, South Korea, Australia and New Zealand.

The trade deal aims to cover goods, services, investments, economic and technical cooperation, competition and intellectual property rights.

India already has a free trade agreement with ASEAN, Japan and South Korea and it is negotiating similar pacts with Australia and New Zealand.

The government has set up four-member group of ministers (GoM) headed by commerce minister Suresh Prabhu to advise Prime Minister Narendra Modi on RCEP-related negotiations as it faced opposition on the deal from several ministries.

India is pushing for liberalising norms to promote services trade as the sector accounts for about 55 percent of India's Gross Domestic Product (GDP) and is looking for a balance trade agreement as it would cover 40 percent of the global GDP and over 42 percent of world's population.

(Source: https://www.moneycontrol.com/news/business/economy/commerce-ministry-ropes-in-think-tanks-iim-c-to-assess-rcep-deal-3245511.html dated 3rd Dec-2018)

8. EU To Include Safeguard Measures in Free Trade Agreements

BRUSSELS, Belgium – It currently is the big obstacle that blocks the EU – Vietnam Free Trade Agreement; labour and human rights in Vietnam. The EU is now putting in place an overall framework for ensuring consistency in the inclusion of safeguard measures in free trade agreements.

Last week, the Presidency of the European Council reached a provisional agreement with European Parliament representatives on a proposal to streamline the inclusion of safeguard measures in trade agreements so that they will be applied effectively and consistently. The agreement will now be submitted for political endorsement by EU ambassadors. Earlier, Parties in the European Parliament expressed to have lots of concerns about labour and human rights like in the Free Trade Agreement with Vietnam. This was caused as Vietnam's government had planned wide-ranging reforms ahead of its trade (TPP) deal with America, which would have improved working conditions for industrial workers. But when the United States withdrew from TPP, Vietnam canceled those reforms. The European Parliament's concerns blocked, after years of negotiations, the EU – Vietnam Free Trade Agreement.

Ambitious trade agenda'

"The EU is delivering on an ambitious trade agenda: we recently signed free trade agreements with Japan and Singapore. But ambition must be matched by prudence. This regulation will enable us to provide more effective and consistent protection of the EU market from any specific threat against our industry," said Margarete Schramböck, Austrian Federal Minister for Digital and Economic Affairs and member of the Council.

Bilateral safeguard measures linked to trade agreements (allowing for the temporary withdrawal of tariff preferences) are intended to protect a particular domestic industry from an increase in imports of any product which is causing, or which risks causing, serious injury to that industry.

EU-Japan, EU-Singapore and EU-Vietnam free trade agreements

The EU regularly concludes trade agreements with third countries, most of which include bilateral safeguard clauses or other mechanisms for the temporary withdrawal of tariff preferences or preferential treatment. Up to now, the bilateral safeguard mechanism has been proposed separately in conjunction with each trade agreement.

At this stage, the regulation covers the implementation of the EU-Japan, EU-Singapore and EU-Vietnam free trade agreements. Further trade agreements might be added to the scope of the regulation by means of delegated acts.

(Source: https://www.bike-eu.com/laws-regulations/nieuws/2018/12/eu-to-include-safeguard-measures-in-free-trade-agreements-10134947?vakmedianet-approve-cookies=1&_ga=2.117087234.527778612.1544172177-109249825.1544172177 *dated 4th Dec-2018)*

9. India and EU must work towards a free trade pact'

India and the European Union does not have a free trade pact, but that hasn't stopped one of its member nations from going all out to facilitate trade with India.

Kristian Vanderwaeren, Director-general Administration Customs & Excise, Federal Ministry of Finance for Customs and Excise, Belgium, was in Mumbai on Tuesday to address a workshop on cold chain logistics organised by the Port of Antwerp, underlining the importance Belgium attaches to the smooth flow of trade between the two nations. This the excerpts from the conversation.

Are you pitching for a free trade pact between India and EU?

I regret that until now there is no free trade agreement between the EU and India. And, in a world which is uncertain, with a lot of tension, and given the historical relationship what we as Europe and Great Britain have with India, I found it rather strange why we don't have a free-trade agreement. So, I've been talking to people here and I think it is important that we bring over the message to our politicians that they really should make an effort on a European and Indian level to get to a free-trade agreement. Free trade agreement is important because it creates the framework for a better cooperation.

There is a third reason why I came here. Given the fact there is no free trade agreement, how can we foster and ameliorate cooperation between our countries.

And there, we are looking at India and the Port of Antwerp, how can we foster cooperation between Customs and trade. How we can promote smooth exchange of goods with lesser number of inspections taking place. We already offer a lot of facilitation for export into Antwerp. I would like to look and see companies exporting from here to Belgium and companies exporting from Belgium to India, how together with the Indian Customs we can exchange best practices and move forward together. For that reason, I had discussions with the New Delhi headquarters of the Customs and they were willing to start a discussion and dialogue .

What other areas of cooperation are you looking at with Indian Customs and trade?

Another area where we cooperate with the Indian Customs is the IT platform. Indian Customs is pushing very hard on digitalisation and is investing a lot in scanning infrastructure. There, we are looking to set up a cooperation for exchange of best practices between the Customs authorities of the two countries.

In Europe, free trade or negotiations on free trade are done on a European level, the regulations are European, however the implementation and inspections are done on a national level.

Belgium is trying to proactively come out to help understand the problems Indian exporters are facing, to try and see how best you can resolve them without bending the law. This shows our willingness to facilitate compliant trade to help and to be open and transparent.

How will Brexit impact trade between India and Europe?

Brexit is going to have a huge impact. Now, Britain is part of the Customs Union. There are no Customs formalities for goods coming/going between the United Kingdom and Belgium on the Continent.

(Source: https://www.thehindubusinessline.com/news/world/india-and-eu-must-work-towards-a-free-trade-pact/article25671670.ece dated 5th Dec-2018)

10. Bengal can attract ₹14000 cr in chemicals, petrochem: KPMG

West Bengal can attract investments worth ₹14,000 crore in the chemicals and petrochemicals sector across different segments, according to KPMG, which has identified five prime areas that can promote the state as a chemical innovation hub. West Bengal's chemical and petrochemicals market would reach $8 billion by 2020 from $5.88 billion in 2017, it said.

The investment may generate 28000 direct jobs, the research firm said.

The five areas are synthetic (polyester) fibre value chain; polymer and plastic products; specialty chemicals; advanced materials like synthetic rubber, bio-polymer; and research and development.

At least ₹5,000 crore worth of investment is expected in synthetic fibres where The Chatterjee Group (TCG) firm MCPI is expected to set up a continuous polymerisation unit at Haldia to manufacture more purified terepthalic acid (PTA), KPMG said in a report titled "Positioning Bengal as a key logistics hub" published last month in collaboration with the Confederation of Indian Industry (CII).

PTA is a petrochemical intermediate product and a raw material used to make polyester fabric and plastic bottles.

Part of the PTA produced in the eastern part of the country is now going to states like Gujarat where these are converted into polyester fibre yarn, which is subsequently brought back for use by textile manufactures in the east, including many in Bengal, according to a report in a Kolkata daily.

The production capacity of MCPI, which is capable of producing both fibre as well as PET grade PTA, is around 1,300 thousand tonnes of PTA.

The state government would consider two more industrial parks for the chemicals and petrochemicals sector, according to state finance and industries minister Amit Mitra. (DS)

(Source: https://www.fibre2fashion.com/news/textile-news/bengal-can-attract-14000-cr-in-chemicals-petrochem-kpmg-246120-newsdetails.htm dated 7th Dec-2018)

11. New industrial policy sent to Cabinet: Suresh Prabhu

The Commerce and Industry Ministry has sent the final proposal of new industrial policy to the Cabinet for approval, Union Minister Suresh Prabhu said.

"We have sent the final Cabinet note. We have also prepared an action plan for the implementation of the policy," Commerce and Industry Minister Suresh Prabhu told PTI. The new industrial policy aims at boosting manufacturing sector growth, promote foreign technology transfer and attract overseas investments.

The policy would have some financial implications as the government may provide incentives for use of frontier technologies like artificial intelligence, Internet of things, and robotics. It aims at promoting emerging sectors and modernising existing industries. It will also look to reduce regulatory hurdles, cut paper work and support emerging and new sectors. The ministry would be setting up an elaborate machinery including a steering committee for effective implementation of the policy.

The Department of Industrial Policy and Promotion (DIPP) in August last year floated a draft industrial policy with an aim to create jobs for the next two decades, promote foreign technology transfer and attract $ 100 billion FDI annually. This will be the third industrial policy after the ones released in 1956 and 1991. It will replace the industrial policy of 1991 which was prepared in the backdrop of balance of payment crisis.

(Source: https://www.thehindubusinessline.com/companies/ministry-sends-new-industrial-policy-for-cabinet-approval-prabhu/article25703216.ece dated 9th Dec-2018)

12. India may soon have a new Industrial Policy: All you need to know

India's commerce ministry has sent the final draft of the new industrial policy to the Cabinet for approval, Union minister Suresh Prabhu said.

"We have sent the final Cabinet note. We have also prepared an action plan for the implementation of the policy," Commerce and Industry Minister Suresh Prabhu told PTI.

The draft industrial policy initially floated in August 2017 by the Department of Industrial Policy & Promotion (DIPP) has three major aims: to create jobs over the next two decades, promote foreign technology transfer, and attract $100 billion FDI annually.

Though the policy does not suggest direct changes in laws, such as those governing labour, it is likely to propose the establishment of a body with representation from the Centre and the States to work on changes whenever required. The policy also suggests the strengthening of municipal bodies.

Commerce minister Prabhu said the policy would include steps to reduce unnecessary regulations. "The New Industrial Policy will encourage the industry to work together with the government to improve productivity, R&D efforts, and efficiency," the minister said, as per a report in BusinessLine.

What is the New Industrial Policy?

The New Industrial Policy will replace the 27-year-old existing policy. The new policy aims to resolve bottlenecks resulting from inadequate infrastructure, restrictive labour laws, and complicated business environment.

The policy is in sync with the government's 'Make in India' target to increase the share of the manufacturing in the economy to 25% by 2022, from the current 16-17%.

The policy would have some financial implications as the government might provide incentives for use of transformational technologies like artificial intelligence, internet of things, and robotics.

The major reform proposed ahead of the 2019 general elections would address the issue of inverted duty structure and develop alternatives to banks for improving access to capital for micro, small, and medium enterprises (MSMEs).

What are its aims?

The new policy aims at promoting emerging sectors and modernising existing industries. It will also look to reduce regulatory hurdles, cut paper work and support emerging and new sectors. The ministry aims to set up an elaborate machinery, which includes a steering committee, for effective implementation of the policy.

As part of the policy, industrial health clinics could be set up to help micro, small and medium enterprises (MSMEs) with their finances. MSMEs are considered to be the backbone of India's industrial architecture.

The new policy will replace the industrial policy of 1991, which was prepared in the backdrop of balance of payment crisis.

Prabhu indicated that the fourth industrial revolution is going to displace jobs so "we need to re-skill our workforce", as per a PTI report.

What sectors will it focus on?

The new industrial policy aims to boost manufacturing sector growth, promote foreign technology transfer, and attract overseas investments. It will focus on futuristic sectors such as artificial intelligence, Internet of things, and robotics.

The new policy also takes into account the competition from China, and specifically addresses productivity and MSMEs. According to the Department of Industrial Policy and Promotion (DIPP), productivity, as measured by value added per worker and average wages in manufacturing, in India is only one-third of that in China.

"Differences in productivities across sectors and across firms within the same sector make matters worse. Workers in India are overwhelmingly employed in low productivity and low wage activities," the department said, the Economic Times reported.

At the moment, Indian MSMEs are facing tough competition due to cheap imports from China and free trade agreement countries. The new policy will help in alleviating such concerns.

(Source: https://qrius.com/india-may-soon-have-a-new-industrial-policy-all-you-need-to-know/ dated 12th Dec-2018)

13. Working closely with FinMin to ease credit flow to export sector: Commerce Ministry

New Delhi, Dec 11 () In a bid to boost outbound shipments, the commerce ministry Tuesday said it is working closely with its finance ministry to take measures for ensuring adequate availability of funds to exporters. "Commerce ministry is working closely with the finance ministry to ease credit flow to the export sector, especially small exporters to ensure adequate availability of funds to them," it said in a statement. Federation of Indian Export Organisations (FIEO) President Ganesh Gupta has time and again demanded augmentation of credit flow to the export sector, as a sharp decline in credit would impact exports growth. It said that the commerce has identified 15 overseas locations including Astana (Kazakhstan), Beijing (China) Cape town (South

Africa), Dubai (UAE), Frankfurt (Germany), London

(UK), Melbourne (Austrialia), and New York (USA), where trade promotion organisations are proposed to be created.

"India has great potential to generate greater volumes of export with these countries but at present trade with them stands as single digit numbers," it said.

The ministry, it said, is making all efforts to diversify India's export basket region and commodity wise. It also said that Free Trade Agreements (FTAs) are a means of correcting India's balance of trade. On ease of doing business, it said the ministry has developed a district level reforms plan to improve business environment in districts

The plan has been "shared with states and UTs for implementation by districts. The state and UT governments have been requested to evaluate districts on the basis of achievements in implementation of this plan on the basis of users' feedback," it

added. On the progress of the Delhi Mumbai Industrial Corridor (DMIC) project, the statement said 56 plots constituting 335.51 acres have already been allotted to industries. "This is expected to bring an investment of about Rs 8,354 crore over a period of 3-5 years," it said. Further on the proposed mega trade deal RCEP, the ministry said think-tanks -- ICRIER, Centre for Regional Trade, IIM (Bangalore) and Centre for WTO) Studies -- are being engaged for undertaking comprehensive study on India's approach to this agreed.

Regional Comprehensive Economic Partnership (RCEP) is a mega trade pact aims to cover goods, services, investments, economic and technical cooperation, competition and intellectual property rights.

RCEP bloc comprises 10 Asean members (Brunei, Cambodia, Indonesia, Malaysia, Myanmar, Singapore, Thailand, the Philippines, Laos and Vietnam) and their six FTA partners - India, China, Japan, South Korea, Australia and New Zealand. RR MKJ MKJ

(Source: https://timesofindia.indiatimes.com/business/india-business/working-closely-with-finmin-to-ease-credit-flow-to-export-sector-commerce-ministry/articleshow/67048822.cms dated 11th Dec-2018)

14. Kuwait Oil Company opens its pre-qualification stage

KOC adopts new stringent regulations

KUWAIT CITY, Dec 11: The Kuwait Oil Company (KOC) last week opened the pre-qualification stage for a large group of the company's business categories in the country's oil fields, reports Al-Anba daily quoting responsible oil sources.

In this regard, the company has set a number of requirements such as the years of experience, pre-execution of projects and the nature of the company's financial situation over the past 3 years.

The daily added, the KOC has adopted new stringent regulations to qualify local and international contractors to participate in the construction contracts and consultancy services offered by the company. The company's new decisions stipulate the establishment of new controls with a view to screening companies taking part in the tenders, whether local or global, to ensure the implementation of projects with the required efficiency and quality.

This also includes tightening of controls to prevent defaulters and reducing the delays experienced by projects during the past period, as well as preventing manipulation of data that has been provided. Sources pointed out all the directorates of the company are obliged to adhere to the provisions of the controls document, and to address the Central Tenders Committee to announce the floating of tenders and general controls in the official gazette and open the general qualification for registration as a global contractor or consultant with the company.

The procedures for the qualification of global contractors according to the controls document obtained by the daily include the requirement to implement at least two similar projects outside the country of origin, provided that the foreign companies applying for qualification are registered with the Central Tenders Committee.

All documents must be submitted in Arabic and English only to the Embassy of Kuwait in the country for companies whose headquarters of the company are in their respective countries. These stringent measures come after many contractors failed to execute major projects of the Kuwait Oil Company headed by the company's No 31 assembly center in northern Kuwait, which was delayed for more than 15 months.

The sources said the company has requested the qualification of local and international contractors specializing in project management consultancy for oil and gas projects (category 103A) with more than 10 years experience in consulting and engineering for major oil and gas projects.

The companies that will be qualified for this contract will undertake the design of various preliminary and final projects and provide services for all types of projects without limitation to the assembly centers, power stations, pipelines across the country (gas/ crude oil/liquid water/sea water), water injection, heavy oil, high pressure and sour liquids (eg Jurassic), power stations, overhead lines), security systems, telemetry and leakage detection systems, liquid water treatment, substation power plants and buildings (civil and structural) and hospital projects, security and environmental projects.

(Source: http://www.arabtimesonline.com/news/kuwait-oil-company-opens-its-pre-qualification-stage/ dated 11.12.2018)

15. Anti-dumping duty on Chinese chemical for 5 years

The duty is also aimed at ensuring fair trading practises and creating a level-playing field for domestic producers

New Delhi: The revenue department has imposed anti-dumping duty for five years on a Chinese chemical used in making detergents to guard domestic players from cheap imports from the neighbouring country.

The levy on 'Zeolite 4A' [Detergent grade] has been imposed on recommendations of Directorate General of Trade Remedies (DGTR) after conducting a probe in this regard.

The duty in the range of $163.90-207.72 per tonne of the chemical will remain in force for five years (unless revoked, superseded or amended earlier), said the Central Board of Indirect Taxes and Customs (CBIC) in a notification.

DGTR, the investigation arm of the commerce ministry, had conducted the probe on complaint of Gujarat Credo Mineral Industries and Chemicals India which alleged injury to the domestic industry on account of the cheap import from China.

In its final findings, DGTR said there was a "positive dumping margin" as well as material injury to the domestic industry, caused by the dumped imports, and recommended imposition of definitive anti-dumping levy. Detergent grade Zeolites are primarily water softener compounds, used to remove calcium and magnesium ions from hard water. Soft water requires less soap for the same cleaning effort, as soap is not wasted mopping up calcium ions. It is mainly used as a builder in detergents.

Countries carry out anti-dumping probe to determine whether their domestic industries have been hurt because of a surge in below-cost imports.

As a counter measure, they impose duties under the multilateral regime of WTO.

The duty is also aimed at ensuring fair trading practises and creating a level-playing field for domestic producers with regard to foreign producers and exporters.

India has already imposed anti-dumping duty on several products to check cheap imports from countries including China with which India has a major concern of widening trade deficit.

The deficit has increased to $63.12 billion in 2017-18 from $51.11 billion in the previous fiscal.

(Source: https://www.livemint.com/Politics/gh3LH8ix00ps4iooeDRqZK/Antidumping-duty-on-Chinese-chemical-for-5-years.html dated 17th Dec-2018)

CHEMEXCIL

17. Budget should address Inverted Duty Structure for chemical sector: Chemexcil's Satish W Wagh

Clocking an annual growth rate of 8-10%, India's chemical sector is expected to double its size to $300 billion by 2025, forecasts the Department of Chemicals and Petrochemicals (GoI). Currently, country's chemical sector is regarded as a diversified industry covering over 80,000 commercial products that contribute about 10.5% to India's foreign trade. With a view to understand the key concerns and the expectations of MSMEs in the backdrop of soon-to-be-released interim budget 2019, ET spoke to Satish W Wagh, Chairman Chemexcil, the industry body mandated to promote exports of chemicals and allied items.

Excerpts:

Economic Times (ET): What are Chemexcil's key proposals with respect to Budget 2019?

Satish W Wagh (SWW): The council has submitted few proposals for duty reduction in some feed-stocks (organic/inorganic chemicals), which are largely imported and where local capacity is insufficient to meet the demand. Moreover, there are some cases of duty inversion specially oleo-chemicals, which need to be addressed.

ET: How do you see government's initiatives for the growth of exporting MSMEs?

SWW: In recent times, the government has introduced lots of positive changes for MSMEs such as a hike in interest equalisation rate to 5%, change in MSME criteria etc, and we thank them for these initiatives. Going forward, further incentivisation for neutralisation of embedded duties will be very helpful.

ET: How do you see the existing GST framework? Do you find it an enabling force for your sector?

SWW: Like any other game-changing tax reform, there will be initial glitches which are being corrected. Certainly, there is need to further simplify the returns, refund procedure etc, which will reduce transaction costs and improve compliance.

ET: Inverted duty structures are an issue in the chemical sector. Are you hopeful of any announcement concerning this in the upcoming budget?

SWW: Over the last several years, we have been making representations for some cases of duty inversion specially oleo-chemicals, which I think require urgent attention. We hope the forthcoming budget will cover such concerns.

ET: Dyestuffs are regarded as one of the high polluting industries. Environmentalists suggest that the industry should take initiatives for environmental protection. Your thoughts:

SWW: As a responsible corporate citizen, we understand our responsibility towards 'Environment Health Safety' (EHS) norms. However, in our view, the industry needs to be given the flexibility to change product mix, increase capacity etc. We understand that in Gujarat, recently the government has come out with several measures related to environmental restrictions which will help ease of doing.

ET: Cost of finance in India is much higher as compared to competing countries which impacts Indian chemical manufacturers' competitiveness. Your view:

SWW: Certainly, cost of finance in India is much higher as compared to competing countries. However, the government has recently raised interest equalisation rate to 5% for MSMEs. They have also included merchant exporters for interest rate equalisation at 3%. However, there is a need to add more tariff lines for non-MSMEs, as there are very few tariff lines from the chemical sector out of the 416 tariff lines.

ET: India has FTA with ASEAN nations, but the concessions are said to be limited, whereas supplies from China to these ASEAN nations is against Nil duty. Such scenarios hurt our manufacturers' competitiveness. Do you think there is a need to review existing FTAs?

SWW: Yes. The applicable customs duties on many of our export items are getting very limited tariff concessions, but the same item, when exported by Chinese/competing suppliers, is allowed at zero duty which adversely impacts the competitiveness of our exporters. This issue is particularly noticed in Indonesia, Philippines, etc. The council has highlighted this issue several times during FTA negotiations and also by specific representations, but a resolution that will help provide a level playing field and boost exports is still awaited.

(Source: https://economictimes.indiatimes.com/small-biz/policy-trends/budget-should-address-inverted-duty-structure-for-chemical-sector-chemexcils-satish-w-wagh/printarticle/67684177.cms dated 25th January-2019)

CHEMEXCIL NOTICE

NOTICE 1

EPC/LIC/DGFT 06/12/2018

To,
ALL THE MEMBERS OF THE COUNCIL

SUBJECT:-DGFT, Revised Regional Authorities and their Territorial Jurisdiction (ChangeS in Appendix 1A of Foreign Trade Policy, 2015-20)

Dear Members,

We would like to inform you that the O/o Directorate General Of Foreign Trade (DGFT), New Delhi has issued Public Notice 56/ 2015-2020 dated 05/12/2018 regarding changes in Appendix 1A of Foreign Trade Policy, 2015-20 for Revision of Regional Authorities and their Jurisdiction.

As per the Public Notice, the territorial jurisdiction of the following Regional Authorities of DGFT has been revised subsequent to merger of various Regional Authorities vide DGFT's Instruction No.05/2018 with immediate effect:-

REVISED REGIONAL AUTHORITIES AND THEIR JURISDICTION

SI. No.	Name of the Regional Authority	Existing SI. No. and Name of the Regional Authority	Existing jurisdiction	Revised Territorial Jurisdiction
1.	Ludhiana	SI. No.8, The Addl. Director General of Foreign Trade 133-136,Green Field Near Shakti Nagar Chowk Ludhiana-141002 Punjab	Punjab excluding the following districts: (i) Amritsar/ (ii) Gurdaspur (iii) Hoshiarpur (iv)Taran Taran (v)Roop nagar (Ropar) and (vi)Sahibzada Ajit Singh Nagar.	Following Districts of Punjab excluding Roop Nagar, (Ropar) and Sahibzada Ahit Singh Nagar
2.	Mumbai	SI.No.24, The Deputy Director General of Foreign Trade Ashirwad Building, 18th June Road, Santa Inez Panjim- 403001 (Goa)	Goa	Maharashtra excluding the area which are under the jurisdiction of RA, Pune and RA, Nagpur Daman Dadra and Nagar Haveli Goa
3.	Chennai	SI.No.30, The Additional Director General of Foreign Trade 4th floor, Shastri Bhavan Annexe 26, Haddows Road, Nungambakkam Chennai-600006 (TN)	Tamil Nadu except the areas under the jurisdiction of Regional Authority, Madurai Coimbatore Puducherry	Tamil Nadu except the areas which are under the jurisdiction of RA, Madurai and RA, Coimbatore Union Territory of Puducherry, Karaikal, Mahe and Yanam

Members are requested to take note of above changes and do the needful accordingly, whenever needed. The above PN is available for reference using below link-

http://dgft.gov.in/sites/default/files/PN-56%20dt-5.12.18%28E%29.pdf

Thanking you,

NOTICE 2

EPC/LIC/JNCH/E_SANCHIT 06/12/2018

To,
ALL THE MEMBERS OF THE COUNCIL

SUBJECT:-JNCH, Implementation of Paperless Processing under SWIFT- Uploading of Supporting Documents (eSANCHIT) in Exports

Dear Members,

This is in continuation of our mailer dated 12/11/2018 informing you about CBIC Circular No 43/2018-Customs dated 08/11/2018 pertaining to Implementation of Paperless Processing under SWIFT-Uploading of Supporting Documents (eSANCHIT) in Exports. CBIC had decided to extend the facility of uploading digitally signed document or eSANCHIT to all ICES locations on PAN India basis for all types of exports under ICES. On a voluntary basis, members of the trade were advised to use this facility to upload the supporting documents concerning Shipping Bills filed w.e.f 8th November, 2018.

In continuation of the same, O/o Commissioner of Customs, JNCH (NS-II) has also issued Public Notice No. 150/2018 dated 04/12/2018 regarding Implementation of Paperless Processing under SWIFT-Uploading of Supporting Documents (eSANCHIT) in Exports.

As per above PN, the Shipping Bill (Electronic Integrated Declaration) Regulation. 2011, provide for the authorized person to submit digitally signed electronic integrated declarations (Shipping Bills) and supporting documents and dispenses with the need for trade to submit the corresponding hardcopies. The Regulations also provide that the authorized person shall retain, for a period of 5 years from the date of acceptance of the Shipping Bill, all supporting documents in original, which were used or relied upon by him in submitting the electronic integrated declaration, and shall produce them before Customs or other Government agencies in connection with any action or proceedings

Uploading supporting documents

As explained in JNCH Public Notice, the procedure for eSANCHIT in exports, is reproduced below for the convenience of the member-exporters:

- For uploading supporting documents on ICEGATE, the authorized persons must Open ICEGATE URL httgs://www.icegate.gov.in/,
- Click on Login/Signup button for login into [CEGATE by using his/her access credentials and then Click on e-SANCHIT link provided in left vertical menu to redirect on e—SANCHIT. The step-by-step procedure for upload of supporting documents is also provided on the ICEGATE website. While preparing a job for submission on ICEGATE in their respective Remote EDI Systems (RES), the authorized persons is required to ensure that they have uploaded all the necessary supporting documents. A facility has also been provided on ICEGATE to the authorized persons to access and view the documents uploaded by them.
- In case the authorized person seeks to provide a document after the generation of the Shipping Bill number, he/she may first upload the document on ICEGATE, obtain a unique ID Image Reference Number (IRN) for the document and link that document with the corresponding Shipping Bill by submitting an amendment at the Service Centre. This procedure will also apply when the authorized person submits a document in response to a query raised by Customs for a Shipping Bill.

- Assessment & Document Verification

Once a Shipping Bill has been filed, Customs officers will be able to access the uploaded electronic versions of supporting documents while viewing or assessing the Shipping Bill on ICES. During assessment, ICES provides for a query to be raised in order to call for additional documents or information. In response to a query, supporting documents can be uploaded online by following the procedure described above. All documents required for the purposes of assessment would be viewed online.

Goods Registration, Examination & Let Export Order (LEO)

- After filing of the Shipping Bill, the authorized person (e.g. Exporter/Customs Broker) may with his self-assessed copy of the Shipping Bill, approach the designated place for goods registration, document verification and LEO. In case goods are to be examined, the officer examining the goods may record the results of inspection / examination online on ICES.
- Members of trade / exporters / Customs Broker are advised to use this facility for all their export clearances as it reduces cost and expedites export clearances.
- The contents of this Public Notice shall operate as a standing order so far as officers and staff of Jawaharlal Nehru Custom House are concerned.
- To facilitate smooth functioning of this facility of uploading the supporting documents, the feedback, queries/ difficulties, in implementation of this Public Notice (issued in reference to CBEC Circular No.43/2018-Customs dated 08.11.2018), if any, may be brought to the notice of the Deputy Commissioner of Customs(EDI), JNCH, Nhava Sheva by email to edi@jawaharcustoms.gov.in or Deputy/Assistant Commissioner in charge of Appraising Main (Export), NS-II (email address: appraisingmain.jnch@gov.in) Phone No : 022-27244979).

Members are requested to take note of this ease of doing business measure and also inform their CHA's/ Logistics Providers to do the needful accordingly. The above said PN is available for reference using below link-

SN	SUBJECT	DATED
PN-150-18	Implementation of Paperless Processing under SWIFT-Uploading of Supporting Documents (e-SANCHIT) in Exports–reg.	04-Dec-18

The above details are provided as per JNCH PN. For other custom houses, we shall update you in due course. Alternatively, exporters can check with Local EDI sections through their CHA/ logistics providers and do the needful.

Thanking you

NOTICE 3

EPC/LIC/DBK_2018 07/12/2018

To
ALL THE MEMBERS OF THE COUNCIL

SUBJECT:- Very Important , Revised All Industry Rates of Duty Drawback

Dear Members,

We are pleased to inform you that Ministry of Finance, Department of Revenue, Government of India has notified Revised All Industry Rates of Duty Drawback.

In this regard, Government has issued Notification no. 95/2018-Cus (NT) Dated 06.12.2018 regarding changes in All Industry Rates (AIRs) of DBK. This notification shall come into force on the 19th day of December, 2018.

The revised AIR DBK rates for few items (under our purview) have been increased in Chapter 29, 32, 33, 38 etc.

For the sake of convenience of members, the gist of revised AIR DBK rates for items under CHEMEXCIL purview is provided as follows:

<table>
<tr><td>Chapter</td><td>AIR DBK Revised Rate</td></tr>
<tr><td>Chapter 28</td><td>DBK Rates remain at 1.1 %
(with exception of few items with NIL rate)</td></tr>
<tr><td>Chapter 29</td><td>DBK Rate for most of the items remains at 1.5% with the exception of following items:</td></tr>
<tr><td>Chapter 32</td><td>DBK Rate for most of the items remains at 1.5% with the exception of following items:
<table>
<tr><th>Tariff Item</th><th>Description of goods</th><th>Unit</th><th>Drawback Rate</th><th>Drawback cap per unit in Rs. (T)</th></tr>
<tr><th>(1)</th><th>(2)</th><th>(3)</th><th>(4)</th><th>(5)</th></tr>
<tr><td>320401</td><td>AZO Black Dix (Acid Black)</td><td></td><td>1.8%</td><td></td></tr>
<tr><td>320402</td><td>Reactive dyes</td><td>Kg</td><td>2.8%</td><td>13.1</td></tr>
<tr><td>320403</td><td>Pigment violet</td><td>Kg</td><td>2.5%</td><td>73.3</td></tr>
<tr><td>320404</td><td>Yellow 3 (Food colouring agent, Sunset Yellow)</td><td></td><td>1.9%</td><td></td></tr>
<tr><td>320405</td><td>Sulphur black(Sulphur based colouring matter)</td><td>Kg</td><td>2.2%</td><td>3.4</td></tr>
<tr><td>320406</td><td>Solvent black (Solvent based colouring matter)</td><td></td><td>1.9%</td><td></td></tr>
<tr><td>320407</td><td>Optical brightener (Optical whitening agent)</td><td>Kg</td><td>2.4%</td><td>13.5</td></tr>
</table></td></tr>
<tr><td>Chapter 33</td><td>The DBK rates in this chapter for items remain unchanged (0.15 to 1.5%) with exception of following items:
<table>
<tr><th>Tariff Item</th><th>Description of goods</th><th>Unit</th><th>Drawback Rate</th><th>Drawback cap per unit in Rs. (T)</th></tr>
<tr><th>(1)</th><th>(2)</th><th>(3)</th><th>(4)</th><th>(5)</th></tr>
<tr><td>3302</td><td>Mixtures of odoriferous substances and mixtures (including alcoholic solutions) with a basis of one or more of these substances, of a kind used as raw materials in industry; other preparations based on odoriferous substances, of a kind used for the manufacture of beverages</td><td></td><td></td><td></td></tr>
<tr><td>330201</td><td>Synthetic Perfumery Compounds</td><td></td><td>1.5%</td><td></td></tr>
<tr><td>330299</td><td>Others</td><td></td><td>0.15%</td><td></td></tr>
<tr><td>3307</td><td>Pre-shave, shaving or after-shave preparations, personal deodorants, bath prepara-tions, depilatories and other perfumery, cosmetic or toilet preparations, not elsewhere specified or included, prepared room deodorisers, whether or not perfumed or having disinfectant properties</td><td></td><td></td><td></td></tr>
<tr><td>330701</td><td>Perfumed Agarbatti / Incense sticks / Dhoop / Loban</td><td>Kg</td><td>3.9%</td><td>22.3</td></tr>
</table></td></tr>
<tr><td>Chapter 34</td><td>DBK Rate for all tariff lines in this chapter is 1.5%</td></tr>
</table>

Chapter 38	DBK Rate for most of the items remain at 1.5% with exception of following item:

Tariff Item	Description of goods	Unit	Drawback Rate	Drawback cap per unit in Rs. (T)
(1)	(2)	(3)	(4)	(5)
380801	2,4-Dichloro Phenoxy Acetic Acid	Kg	4.2%	7.4

Important Notes and conditions:

- The tariff items and descriptions of goods in the said Schedule are aligned with the tariff items and descriptions of goods in the First Schedule to the Customs Tariff Act, 1975 (51 of 1975) at the four-digit level only. The descriptions of goods given at the six digit or eight digit in the said Schedule are in several cases not aligned with the descriptions of goods given in the First Schedule to the Customs Tariff Act, 1975.
- The figures shown in column (4) in the said Schedule refer to the rate of drawback expressed as a percentage of the free on board value or the rate per unit quantity of the export goods, as the case may be.
- The figures shown in column (5) in the said Schedule refer to the maximum amount of drawback that can be availed of per unit specified in column (3).
- The rates of drawback specified against the various tariff items in the said Schedule in specific terms or on ad valorem basis, unless otherwise specifically provided, are inclusive of drawback for packing materials used, if any.
- Drawback at the rates specified in the said Schedule shall be applicable only if the procedural requirements for claiming drawback as specified in rule 12, 13 and 14 of the said rules, unless otherwise relaxed by the competent authority, are satisfied.
- The rates of drawback specified in the said Schedule shall not be applicable to export of a commodity or product if such commodity or product is –
  - (i) Manufactured partly or wholly in a warehouse under section 65 of the Customs Act, 1962 (52 of 1962);
  - (ii) Manufactured or exported in discharge of export obligation against an Advance Authorisation or Duty Free Import Authorisation issued under the Duty Exemption Scheme of the relevant Foreign Trade Policy : Provided that where exports are made against Special Advance Authorisation issued under paragraph 4.04A of the Foreign Trade Policy 2015-20 in discharge of export obligations in terms of Notification No. 45/2016- Customs, dated 13th August, 2016, the rates of drawback pecified in the said Schedule shall apply as if in the said Schedule, the entries in columns (4) and (5) against the Tariff items in the said Schedule below all Chapters, except Chapter 61 and 62, are NIL, and those in Chapters 61 and 62 are as specified in the Table annexed hereto; manufactured or exported by a unit licensed as hundred per cent Export Oriented Unit in terms of the provisions of the relevant Foreign Trade Policy;
  - (iii) manufactured or exported by any of the units situated in Free Trade Zones or Export Processing Zones or Special Economic Zones
  - (iv) manufactured or exported availing the benefit of the notification No. 2/1997 -Customs, dated 1st April, 1997
- All claims for duty drawback at the rates of drawback notified herein shall be filed with reference to the tariff items and descriptions of goods shown in columns (1) and (2) of the said Schedule respectively. Where, in respect of the export product, the rate of drawback specified in the said Schedule is Nil or is not applicable, the rate of drawback may be fixed, on an application by an individual manufacturer or exporter in accordance with the said rules. Where the claim for duty drawback is filed with reference to tariff item of the said Schedule and it is for the rate of drawback specified herein, an application, as referred under sub-rule (1) of rule 7 of the said rules shall not be admissible.

- This notification (Notification no. 95/2018-Cus (NT) Dated 06.12.2018) shall come into force on the 19th day of December, 2018.

For full text of the AIR Drawback Schedule and above-said Notification, please use below links:-

95/2018-Cus (NT) d.t 06.12.2018	View (4526 KB)	देखें (4051 KB)	Revised All Industry Rates of Duty Drawback

http://cbic.gov.in/resources//htdocs-cbec/customs/cs-act/notifications/notfns-2018/cs-nt2018/csnt95-2018.pdf;jsessionid=C2C8CE81BFAEC19BA1AECF4513DE7EDB

Members are requested to take note of new provisions/ Rates in Duty Drawback. You can also mail send your feed-back on ed@chemexcil.gov.in & deepak.gupta@chemexcil.gov.in

Thanking You

NOTICE 4

EPC/LIC/JNCH/IMPORTS 10/12/2018

To,
ALL THE MEMBERS OF THE COUNCIL

SUBJECT: - JNCH, Proper declaration of description of goods in Import General Manifest (IGM) by shipping lines

Dear Members,

This is in continuation of our circular dated 10/03/2018 informing you about the JNCH Public Notice no. 33/2018 dated 07/03/2018 regarding Mandatory declaration of GSTIN, IEC and official email address of importer in the Bills of Lading obtained from foreign supplier/ shipper.

Accordingly, shipping lines operating / functioning at Nhava Sheva were also directed to ensure that they obtain such details from exporters abroad, if such consignments are to be discharged at Nhava Sheva (JNPCT or GTI or NSICT / NSIGT or BMCTP terminals) and indicate the same in the IAL submitted to the Terminal.

In this regard, O/o Commissioner Of Customs (NS-II), JNCH has now issued Public Notice No. 154/2018 dated 07/12/2018 regarding Proper declaration of description of goods in Import General Manifest (IGM) by shipping lines.

As per above PN, its informed that there have been a number of instances where it has been observed that carriers have not declared the correct and proper description of goods in the IGM filed by them. It has also been observed that there are cases where proper description of goods was available in the bill of lading, but it was not declared in the IGM.

There is need to have proper declaration of goods both in the bill of lading and also in the IGM and the two must correspond. Moreover, in many cases the description of the goods was found to be imprecise and generic e.g.' miscellaneous items' or 'household items'. As far as possible, the description should also contain the size and specification of goods. In the absence of complete details, it becomes difficult to resort to "pre-arrival processing" or "Non- intrusive inspection" and the latter particularly gets delayed.

Accordingly, shipping lines operating / functioning at Nhava Sheva have once again been informed to ensure that they declare full description of goods (including size, brand, other specification of goods) correctly and completely both in the Bills of Lading and IGM. They may impress upon their clients to declare / provide these details to them, so as to enable them to correctly file IGM to Customs and Import Advance List (IAL) to the Terminals.

Members (specially importing through JNPT) are requested to take note of this requirement and do the needful to avoid issues later on. The above said Public Notice is available for download using below link-http://jawaharcustoms.gov.in/pdf/PN-2018/PN_154.pdf

Difficulty, if any may also be brought to the notice of Deputy / Assistant Commissioner in charge of DPD Cell, NS-II or Appraising Main (Export) through email / phones (email address: dpd.amijnchPgmail.com or appraisingmain.jnch@igov.in , Phone No : 022-27244959, 022-27244979).

Thanking You,

NOTICE 5

EPC/LIC/CBIC/EOU 11/12/2018

To,
ALL THE MEMBERS OF THE COUNCIL

SUBJECT:- EOU, CBIC Clarification with respect to amendments to Customs and Central Excise notifications for EOUs

Dear Members,

We would like to inform you that the Directorate General of Export Promotion, CBIC has issued Circular No. 50/2018-Customs dated 06/12/2018 having Clarification with respect to amendments to Customs and Central Excise notifications for EOUs.

As you might be aware, EOU/EHTP/STP/BTP schemes are governed by Chapter 6 of Foreign Trade Policy (FTP), duly supported by the relevant Customs and Central Excise notifications. These notifications are being amended in order to align them with the present Foreign Trade Policy (FTP), 2015-2020, as amended, as well as to remove redundancies that had crept in over the time on account of changes/supersession of certain other notifications mentioned therein and legal developments such as the introduction of GST and exempting the EOUs from the application of the Customs warehousing provisions.

These amendments have been carried out by Notifications No. 79/2018-Customs and No. 23/2018-Central Excise, both dated 05.12.2018. Further, the B-17 Bond (General Surety/ Security) being submitted by the EOUs has been similarly updated vide Notification No. 1/2018-Central Excise (N.T.), dated 05.12.2018.

These amendments, as per Circular No. 50/2018-Customs dated 14/08/2018, are being reproduced as follows for your information:-

- Notification No. 52/2003-Customs, dated 31.03.2003 amended by Notification No. 79/2018-Customs, dated 05.12.2018

  The Notification No. 52/2003-Customs, dated 31.03.2003 provides for exemption from Basic Custom Duty, Additional Duties of Customs, IGST and Compensation Cess on various goods listed therein, when imported by the EOUs for specified purposes. This notification has been amended to provide that:-

  (a) imported goods could be temporarily cleared without payment of all Customs duties, IGST and Compensation Cess not paid at the time of their However, the applicability of GST on supply of such goods shall be independently governed by GST laws.

  (b) when duty has to be paid on the imported goods such as when these are cleared from the EOU, the same would be the duty/tax for which exemption was availed at the time of their import. However, in the case of capital goods, depreciation would be allowed as provided in para 4 of the Notification No. 52/2003-Customs, dated 31.03.2003. Further, for leftover textile fabric or textile material, such payment of duty would be based on the transaction value as per existing provisions.

  (c) removal/modification/updation of the redundant/old notifications/ provisions of the FTP etc., as follows:-

(i) providing that a job worker would need registration under GST Act/Rules to enable the EOUs to export of GST goods directly from its premises.

(ii) replacing the reference to Notification No. 62/2004-Customs, dated 12.05.2004 with presently valid Notification No. 50/2017-Customs, dated 30.06.2017 for payment of duty by Gem & Jewellery EOUs on the gold or silver content in the scrap, dust or sweeping cleared to DTA or for payment of duty by nominated agencies in case of failure of export in specified time frame.

(iii) removing the reference to old DGFT Policy Circular No. 77(RE) 2003-2004/9, dated 31.03.2009.

(iv) prescribing that wastage norms for manufacture of jewellery of gold/silver/platinum would be directly governed by the provisions of the FTP and Handbook of Procedures.

(v) replacing the references to old FTP, 2004-2009 by the new FTP, 2015-2020 and its Appendix.

(vi) replacing the reference to outdated Notification No. 106/58- Customs , dated 29.03.1958 by the presently applicable Notification No. 36/2017-Customs, dated 30.06.2017.

(vii) removing the references to Commissioner of Central Excise/ Central Excise officer as the Customs work relating to the EOUs is now handled by the jurisdictional Customs officers.

(d) For promoting indigenization and export of electronics, Ministry of Electronics & Information Technology (MeitY) had recommended that the period of three years allowed for re-import of goods manufactured and exported by EOUs for the purposes of repair and reconditioning may be extended to seven years for specified goods. This was justified on the ground that overseas customers were otherwise constrained to prematurely scrap the repairable goods which are more than three years old. Accordingly, Sr.No. 14 of the Annexure-I of the notification has been amended to list specific goods manufactured and exported by EOUs that can be re-imported within seven years. These goods are required to be re-exported within one year of the date of re-importation.

- Notification No. 22/2003-Central Excise, dated 31.03.2003 amended by Notification No. 23/2018–Central Excise, dated 05.12.2018

The Notification No. 22/2003-Central Excise, dated 31.03.2003 provides for exemption from various duties of Excise on the goods listed therein when procured indigenously by the EOUs for specified purposes. This notification has been amended to provide for:-

(a) deletion of reference to the Additional Duties of Excise (Goods of Special Importance) Act, 1957 (58 of 1957) and Additional Duties of Excise (Textile and Textile Articles) Act, 1978 (40 of 1978) these Acts are not in existence post-GST.

(b) modification of clauses (a) to (e) of the opening para of the said notification to allow procurement of excisable goods falling under the Fourth Schedule to the Central Excise Act, 1944 (1 of 1944). Also, Annexures I, II, IV and V of the said notification which listed various excisable goods that were allowed to be procured indigenously without payment of Excise duties have been removed as post GST, most of the goods now fall under GST.

(c) continuation of the facility extended to the EOUs engaged in processing or manufacture of articles of granite, processing of agricultural products and production or manufacture or packaging of goods in horticulture, agriculture and animal husbandry sector to temporarily remove specified goods procured prior to 30.06.2017 without payment of Excise duty to granite quarries and to the fields and farms.

(d) clearance of capital goods and goods other than packaging material unsuitable for repeated use which were procured without payment of Excise duty prior to 30.06.2017, on payment of Excise duty availed as exemption.

Further, allowing the depreciation on capital goods, as provided, and charging duty on leftover textile fabric or textile material on the transaction value as at present.

(e) changes on account of redundant references to old/ superseded notifications/FTP etc., as follows:-

(i) replacement of the reference to old Rule 20 of the Central Excise Rules, 2002 with the present Rule 16 of the Central Excise Rules, 2017.

(ii) replacement of the reference to outdated Notification No. 106/58-Customs, dated 29.03.1958 with presently applicable Notification No. 36/2017-Customs, dated 30.06.2017.

(iii) replacement of the references to old FTP, 2004-2009 with the new FTP, 2015-2020 and its Appendix.

- Notification No. 23/2003-Central Excise, dated 31.03.2003 amended by Notification No. 23/2018–Central Excise, dated 05.12.2018

The Notification No. 23/2003-Central Excise, dated 31.03.2003 prescribes effective duties leviable on the DTA clearance of excisable goods by EOUs. The main amendments are as follows:-

(a) removal of reference to non existing entries at Sr. Nos. 5, 5A, 6 and 7A of the Table which have been omitted by Notification No. 16/2017-Central Excise, dated 30.06.2017.

(b) removal of the reference to Duty Free Replenishment Certificate (DFRC), which has been replaced by Duty Free Import Authorization (DFIA).

(c) removal of the condition that the goods cleared to the DTA must be "similar" to those exported and also removal of the cap of 50% on DTA sale in line with the present FTP, 2015-2020.

(d) replacing the references to the old FTP, 2004-2009 with the new FTP, 2015-2020.

Notification No. 24/2003-Central Excise, dated 31.03.2003 amended by Notification No. 23/2018–Central Excise, dated 05.12.2018

5. The Notification No. 24/2003-Central Excise, dated 31.03.2003 provides for exemption from duties of Excise on the goods manufactured by a EOU provided these are not brought to any place in India. Post GST, the Additional Duties of Excise (Goods of Special Importance) Act, 1957 (58 of 1957) and the Additional Duties of Excise (Textile and Textile Articles) Act, 1978 (40 of 1978) are no more in existence. Therefore, suitable amendment has been made to remove reference to these Acts.

- Revised B-17 bond – by Notification No. 1/2018–Central Excise (N.T.), dated 05.12.2018

The EOUs have been furnishing a "Mother Bond" in form B-17 (General Surety/Security) for Customs duty free import, Excise duty free domestic procurement, provisional assessment, export without payment of duty, movement of goods for job work and return, temporary clearances, proper accounting of goods, etc. This bond was notified vide Notification No. 6/98-Central Excise (N.T.), dated 02.03.1998 under the erstwhile Central Excise Rules, 1944. A revised B-17 (General Surety/Security) bond updated with references to GSTIN, present FTP provisions and Notification No. 52/2003-Customs dated 31.03.2003 etc., has been notified under the present Rules 7, 9, 21 and 22 of the Central Excise Rules, 2017. This new bond will be applicable to the new EOUs. The existing EOUs shall continue with the earlier B-17 bond already executed by them so that there is no disruption in their working. Also, all relevant instructions applicable for the old B-17 bond will be mutatis mutandis applicable to the new B-17 bond.

Relevant Members (specially EOUs) are requested to take note of this clarification. The said circular is available for reference/ download using below links:

Circulars/ Instructions

50/2018	View(85 KB)	06-12-2018	F.No. DGEP/ EOU/40/2017	Clarification with respect to amendments to Customs and Central Excise notifications for EOUs - reg.

http://www.cbic.gov.in/htdocs-cbec/customs/cs-circulars/cs-circulars-2018/Circular-50-2018-Customs.pdf

Thanking You

NOTICE 6

EPC/LIC/DBK_2018 13/12/2018

To,
ALL THE MEMBERS OF THE COUNCIL

SUBJECT:-DBK, CBIC circular regarding Revision of All Industry Rates (AIRs) of Duty Drawback

Dear Members,

This is in continuation of our circular dated 07/12/2018 informing you that Department of Revenue Ministry of Finance, Government of India has issued Notification no. 95/2018-Cus (NT) Dated 06.12.2018 regarding Revised All Industry Rates (AIRs) of DBK. For the sake of convenience of members, the gist of revised AIR DBK rates for items under CHEMEXCIL purview was provided in our circular. The MOF notification come into force on the 19th day of December, 2018.

Now, Central Board of Indirect Taxes & Customs (CBIC) has issued Circular No. 52/2018-Customs dated 12/12/2018 informing about Notification No. 95/2018-Customs (N.T.) dated 6.12.2018 and highlighting the salient features of the revised AIRs of DBK which are reproduced as follows –

- As being done since 1.10.2017, the revised AIRs of Duty Drawback neutralize incidence of duties of Customs on inputs used and remnant Central Excise duty on specified petroleum products used in manufacture of export goods. Accordingly each tariff item in the Schedule annexed with above mentioned Notification has been provided with one AIR specified under column (4) with caps under column (5) in the Schedule. For claiming these AIRs, the relevant tariff item have to be suffixed with suffix 'B' e.g. for export of goods covered under tariff item (TI) 640609, the drawback serial no. should be declared as 640609B;
- The notification also specifies the alternative AIRs on garments exports made against the Special Advance Authorization (para 4.04A of Foreign Trade Policy 2015-20) in discharge of export obligations in terms of Notification No. 45/2016-Customs dated 13.08.2016. For claiming these alternative AIRs, the relevant tariff item has to be suffixed with suffix 'D' instead of the usual suffix 'B'.
- The AIR of Duty Drawback for items of marine products and seafood (Chapter 3, 15, 16, 23) including live fish (TI 0301), chemicals (Chapter 29), essential oils (Chapter 33) including synthetic perfumery compounds (TI 330201), bicycle/ cycle-rickshaw tyres and bicycles tubes (Chapter 40), finished and lining leather, leather articles and footwear (Chapter 41, 42 and 64), raw cotton, ginned cotton (Chapter 52), textiles (Chapter 50 to 60), silk yarn fabrics and readymade garments (Chapter 50 and 61-62), wool yarn fabrics and readymade garments (Chapter 51 and 61-62), carpets (Chapter 57), made-ups (Chapter 63), glass and glass ware (Chapter 70) Multi speed bicycle and Mountain Terrain Bike (TIs 871202 & 871203) and sports goods (Chapter 95) have been increased on account of various factors such as change in duty structure, change in prices (CIF) of imported inputs and FOB of export goods, change in import intensity of inputs, etc.;
- 24 new tariff items in various sectors viz. Chemicals (17 items), Textiles and made-up (3 items) and Electrical and electronics (4 items) have been introduced in the Schedule including for common rail injector (Chapter 84) and cellular mobile phones (Chapter 85);
- Appropriate caps have been provided wherever felt necessary to prescribe upper limit of Duty drawback.
- The Commissioners are expected to ensure due diligence to prevent any misuse. The shipping bills with parameters considered to be sensitive should be handled with adequate care at the time of export. There is also need for continued scrutiny for preventing any excess drawback arising from mismatch of declarations made in the Item Details and the Drawback Details in a shipping bill.
- With trade facilitation in view, the Drawback Committee constituted by the Central Government has also been mandated to give a supplementary report on the basis of representations received after the revised rates are notified. Accordingly, exporters may immediately come forward with representations with supporting data and documents, if any, for higher rates than rates provided. The representation may be submitted latest by 31.12.2018.

- Any inconsistency, error or difficulty faced should be intimated to the Board. The Commissioners may also inform, with appropriate data, the details of specific products where drawback cap needs to be imposed.

Members are requested to take note of above points in revised DBK rates. You can also mail send your feed-back/ representations on ed@chemexcil.gov.in & deepak.gupta@chemexcil.gov.in.

The above said circular is available for reference using below links-

52/2018	View (121 KB)	12-12-2018	F. No. 609/65/2018-DBK	Revised All Industry Rates of Duty Drawback

http://cbic.gov.in/htdocs-cbec/customs/cs-circulars/cs-circulars-2018/Circular-52-2018-Customs.pdf

Thanking You

NOTICE 7

EPC/LIC/JNCH/IMPORTS 13/12/2018

To,
ALL THE MEMBERS OF THE COUNCIL

SUBJECT: - JNCH. Operationalization of "one-time default intimation" to Shipping Lines by DPD importers at JNCH, Part delivery of DPD consignment selected for scanning

Dear Members,

We would like to inform you that the O/o The Commissioner of Customs, Nhava Sheva-III, JNCH has issued important Publics pertaining to Operationalization of "one-time default intimation" to Shipping Lines by DPD importers at JNCH & Part delivery of DPD consignment selected for scanning, respectively.

For the convenience of members, the gist of the said Public Notices is given below:

- Operationalization of "one-time default intimation" to Shipping Lines by DPD importers at JNCH (vide Public Notice No. 156/2018 Dated 11/12/2018)

  The Public Notice No 36/2018, dated 09.03.2018 stipulates that the "one time default intimation" by the DPD importers to the DPD cell, JNCH is to be shared with the shipping lines through the CSLA [csla@bombaychamber.com] so that the default stacking code indicated in the said "intimation" can be treated as default stacking code by the shipping lines. Various instances have been reported by the DPD importers wherein shipping lines were found to be moving the DPD containers to the CFSs of their own preference & not in accordance with the "default stacking code" shared to them through the CSLA. Movement of DPD containers to the CFSs other than the choice of the DPD importers may result in extra cost to the DPD importers and also delay in clearance. Shipping lines claimed that they had not received the one-time default intimation on time.

  To avoid this kind of repeated non- compliance, it has been decided to discontinue with the present practice of sharing the one-time default intimation every time to the shipping lines through the CLSA. Now, it will be incumbent upon the shipping lines to move the containers as per the "one time default intimation details" published on the website of Jawaharlal Nehru Customs House {i.e. www.jawaharcustoms.gov.in }. The officers posted at DPD Cell, JNCH have been advised to keep the "said information above" published on the website updated at least on weekly basis.

  It is, therefore, made incumbent on the consignees availing this facility to check information placed on JNCH website regularly to ensure that their names and details appear correctly on the website, so as to enable the Shipping Lines in turn to manifest their cargo correctly, as DPD+ DPD or DPD + CFS, as the case may be. Shipping Lines should be guided by the names and details such as Common DPD code, IEC, choice of stacking code of the DPD importers as updated on the JNCH website. CSLA will no longer be the contact point for sending 'One Time Default Intimation' mails to the Shipping Lines.

In case of any difficulty, the specific issue may be brought to the notice of Additional Commissioner in charge of 'DPD Cell', NS-III (email address: dpd.amijnch@gmail.com).

- Part delivery of DPD consignment selected for scanning (vide Public Notice NO. 155/2018)

  Vide Public Notice no 161/2016, dated 28.11.2016, facility of scanning and part delivery was provided to selected importers (DPD Clients, ACP Clients/100% EOU (now AEOs)) subject to the importers undertaking to produce such containers at the designated CFS or other CFS as mentioned in this Public Notice, if required by the Customs for examination.

  As per Public Notice 161/2016 an undertaking had to be produced by DPD importers in case of part delivery. It has been decided that henceforth only importers having manufacturing facilities (manufacturer importers) can avail the facility of part delivery on submission of an undertaking as per the procedure laid down in PN 47/2007, dated 07.11.2007 & the Public Notice No.161/2016, dated 28.11.2016. The subject facility of part delivery shall no longer be available to the trader importers. However, this facility would be available to AEOs, irrespective of their status as manufacturer or trader.

  In case of any difficulty, the specific issue may be brought to the notice of Deputy/Assistant Commissioner in charge of DPD Cell, NS-III (email address: dpd.amijnch@gmail.com).

The above said Public Notices are available for reference using below links-

SN	SUBJECT	DATED
PN-156-18	Operationalization of "one-time default intimation" to Shipping Lines by DPD importers at JNCH -Reg	11-Dec-18
PN-155-18	Part delivery of DPD consignment selected for scanning - reg.	11-Dec-18

Members (specially importing through JNPT) are requested to take note of the same. You may also send your feed-back to the council on our e-mail ids deepak.gupta@chemexcil.gov.in and info@chemexcil.gov.in .

Thanking You

NOTICE 8

EPC/LIC/INDIA-IRAN 19/12/2018

To,
ALL THE MEMBERS OF THE COUNCIL

SUBJECT:-Agreement for settlement of bilateral trade payments between India and Iran

Dear Members,

The council has received communication from the Department of Chemicals & Petrochemicals (DCPC), Ministry of Chemicals & Fertilizers, Government of India regarding Agreement for settlement of bilateral trade payments between India and Iran.

As you might be aware, Governments of India and Iran have entered into an arrangement for settlement of bilateral trade payments between both the countries.

The Salient features of this agreement, as per DCPC communication are re-produced as follows for your information:-

Agreement for settlement of bilateral trade payments between India and Iran

1. The Indian Rupee Vostro accounts may be opened by designated Iranian banks in UCO Bank in India and other mutually agreed banks assigned for this purpose.

2. The Indian Rupee Vostro accounts of Iranian banks will be credited 100% in Indian Rupees by Indian importers, including oil companies, against invoices payable for the supply of goods and services from entities in Iran, without the requirement of any additional certification or authorization. The agreement between trading Indian companies and Iranian companies would specify that the payments would be made in Indian Rupees.

3. Out of the total proceeds credited in Indian Rupees in the Vostro accounts, a minimum of fifty per cent will be utilized for items mentioned in paragraphs 4.1, 4.4 and 4.5 below. The balance amount may be utilized for items mentioned in paragraphs 4.2, 4.3, 4.6 and 4.7 below, which can later be repatriated in either Euro or Japanese Yen (or other currencies permissible under Indian laws) as per instructions from the Iranian side as and when international banking channels are available.

4. The amount credited to the above Indian Rupee accounts could be utilized by authorized Iranian entities for the following purposes:

   - Make payments to Indian exporters of goods and services to Iran. The balances may also be used for settlement of payments of Indian exporters for transactions that took place prior to operationalisation of this arrangement.
   - Make payment to Indian companies undertaking projects and investments in Iran against their claims as well as to Iranian companies undertaking projects in India.
   - Investment in Indian Government Debt Securities. For this purpose interested Iranian government entities may register as a Foreign Portfolio Investor with the Securities and Exchange Board of India.
   - Meet establishment expenses of Embassy and Missions of Iran in India as to be mutually agreed.
   - Payment of fees of Iranian students studying in Indian Universities/Schools as to be mutually agreed.
   - Direct investment subject to terms and conditions stipulated in the Foreign Direct Investment Policy of Government of India.
   - Fixed/Term Deposit with the designated Indian banks

5. All the aforesaid payments would be in digital/cheque mode and as far as possible no cash transactions will be allowed, except for petty cash transactions of less than Indian Rupees 2,00,000 per entity per month.

6. The non-crude oil exports from Iran to India as well as the exports from India to Iran will be invoiced in Indian Rupees only. Crude oil exports from Iran to India will be invoiced in US Dollars and payable in Indian Rupees. The Reserve Bank of India's Financial Benchmark India Ltd (FBIL) reference rate for INR-US Dollar would be applied for the settlement of transactions. The applicable FBIL reference rate would be the rate quoted two business days prior to the contractual due date.

   Members are therefore requested to take note of the above mentioned features of the Agreement for settlement of bilateral trade payments between India and Iran. The file with above details of agreement is available for reference using link provided below.

Feed-back, if any may be sent on e-mail id's ed@chemexcil.gov.in, deepak.gupta@chemexcil.gov.in & kalpana.acct@chemexcil.gov.in .

Thanking You,

Yours faithfully

NOTICE 9

EPC/LIC/31ST GST_Council 26/12/2018

To
ALL THE MEMBERS OF THE COUNCIL

SUBJECT:- Recommendations made during 31st Meeting of the GST Council held on 22nd December, 2018 (New Delhi)

Dear Members,

Kindly note that GST Council in the 31st meeting held on 22nd December, 2018 at New Delhi took various decisions relating to changes in GST rates of goods & services, law amendments and issued clarifications etc.

For the sake of the convenience of the members, we have reproduced following decisions of the GST Council for easy understanding, as per press releases issued by PIB/ CBIC:

➢ **Policy Recommendations made by the GST Council**

The GST Council made following policy recommendations:

1. There would be a single cash ledger for each tax head. The modalities for implementation would be finalised in consultation with GSTN and the Accounting authorities.
2. A scheme of single authority for disbursement of the refund amount sanctioned by either the Centre or the State tax authorities would be implemented on pilot basis. The modalities for the same shall be finalized shortly.
3. The new return filing system shall be introduced on a trial basis from 01.04.2019 and on mandatory basis from 01.07.2019.
4. The due date for furnishing the annual returns in FORM GSTR-9, FORM GSTR-9A and reconciliation statement in FORM GSTR-9C for the Financial Year 2017 – 2018 shall be further extended till 30.06.2019.
5. The following clarificatory changes, inter-alia, shall be carried out in the formats/instructions according to which the annual return / reconciliation statement is to be submitted by the taxpayers:

a. Amendment of headings in the forms to specify that the return in FORM GSTR-9 &FORM GSTR-9A would be in respect of supplies etc. 'made during the year' and not 'as declared in returns filed during the year';

   b. All returns in FORM GSTR-1&FORM GSTR-3B have to be filed before filing of FORM GSTR-9&FORM GSTR-9C;

   c. All returns in FORM GSTR-4 have to be filed before filing of FORM GSTR-9A;

   d. HSN code may be declared only for those inward supplies whose value independently accounts for 10% or more of the total value of inward supplies;

   e. Additional payments, if any, required to be paid can be done through FORM GST DRC-03 only in cash;

   f. ITC cannot be availed through FORM GSTR-9 &FORM GSTR-9C;

   g. All invoices pertaining to previous FY (irrespective of month in which such invoice is reported in FORM GSTR-1) would be auto-populated in Table 8A of FORM GSTR-9;

   h. Value of "non-GST supply" shall also include the value of "no supply" and may be reported in Table 5D, 5E and 5F of FORM GSTR-9;

   i. Verification by taxpayer who is uploading reconciliation statement would be included in FORM GSTR-9C.

6. The due date for furnishing FORM GSTR-8 by e-commerce operators for the months of October, November and December, 2018 shall be extended till 31.01.2019.

7. The due date for submitting FORM GST ITC-04 for the period July 2017 to December 2018 shall be extended till 31.03.2019.

8. ITC in relation to invoices issued by the supplier during FY 2017-18 may be availed by the recipient till the due date for furnishing of FORM GSTR-3B for the month of March, 2019, subject to specified conditions.

9. All the supporting documents/invoices in relation to a claim for refund in FORM GST RFD-01A shall be uploaded electronically on the common portal at the time of filing of the refund application itself, thereby obviating the need for a taxpayer to physically visit a tax office for submission of a refund application. GSTN will enable this functionality on the common portal shortly.

10. The following types of refunds shall also be made available through FORM GST RFD-01A:

    a. Refund on account of Assessment/Provisional Assessment/Appeal/Any Other Order;

    b. Tax paid on an intra-State supply which is subsequently held to be inter-State supply and vice-versa;

    c. Excess payment of Tax; and

    d. Any other refund.

11. In case of applications for refund in FORM GST RFD-01A (except those relating to refund of excess balance in the cash ledger) which are generated on the common portal before the roll out of the functionality described in point (10) above, and which have not been submitted in the jurisdictional tax office within 60 days of the generation of ARN, the claimants shall be sent communications on their registered email ids containing information on where to submit the said refund applications. If the applications are not submitted within 15 days of the date of the email, the said refund applications shall be summarily rejected, and the debited amount, if any, shall be re-credited to the electronic credit ledger of the claimant.

12. One more window for completion of migration process is being allowed. The due date for the taxpayers who did not file the complete FORM GST REG-26 but received only a Provisional ID (PID) till 31.12.2017 for furnishing the requisite details to the jurisdictional nodal officer shall be extended till 31.01.2019. Also, the due date for furnishing FORM GSTR-3B and FORM GSTR-1 for the period July, 2017 to February, 2019/quarters July, 2017 to December, 2018 by such taxpayers shall be extended till 31.03.2019.

13. Late fee shall be completely waived for all taxpayers in case FORM GSTR-1, FORM GSTR-3B &FORM GSTR-4 for the months / quarters July, 2017 to September, 2018, are furnished after 22.12.2018 but on or before 31.03.2019.

14. Taxpayers who have not filed the returns for two consecutive tax periods shall be restricted from generating e-way bills. This provision shall be made effective once GSTN/NIC make available the required functionality.

15. Clarifications shall be issued on certain refund related matters like refund of ITC accumulated on account of inverted duty structure, disbursal of refunds within the stipulated time, time allowed for availment of ITC on invoices, refund of accumulated ITC of compensation cess etc.

16. Changes made by CGST (Amendment) Act, 2018, IGST (Amendment) Act, 2018, UTGST (Amendment) Act, 2018 and GST (Compensation to States) Amendment Act, 2018 and the corresponding changes in SGST Acts would be notified w.e.f. 01.02.2019.

➢ **Recommendations made regarding Rate changes and clarification in Goods**

There are no chemical sector specific rate changes. We are nevertheless providing below details for information as exporters might be using the same in their overall business activities.

I. GST rate reduction on goods which were attracting GST rate of 28% :

A. 28% to 18%

- Pulleys, transmission shafts and cranks, gear boxes etc., falling under HS Code 8483
- Monitors and TVs of upto screen size of 32 inches

- Re-treaded or used pneumatic tyres of rubber;
- Power banks of lithium ion batteries. Lithium ion batteries are already at 18%. This will bring parity in GST rate of power bank and lithium ion battery.
- Digital cameras and video camera recorders

a) 28% to 5%

- Parts and accessories for the carriages for disabled persons

II. GST rate reduction on other goods,-

a. 18% to 12%

- Cork roughly squared or debagged
- Articles of natural cork
- Agglomerated cork

b. 18% to 5%

- Marble rubble

c. 12% to 5%

- Natural cork
- Walking Stick
- Fly ash Blocks

Miscellaneous

- Exemption from IGST/Compensation cess on vehicles imported for temporary purposes under the Customs Convention on the Temporary importation of Private Road Vehicles (carnet de passages-en-douane).
- Uniform GST rate of 12% on Flexible Intermediate Bulk Container (FIBC) from existing 5%/12% (depending on the value)

III. GST on solar power generating plant and other renewable energy plants

- GST rate of 5% rate has been prescribed on renewable energy devices & parts for their manufacture (bio gas plant/solar power based devices, solar power generating system (SGPS) etc) [falling under chapter 84, 85 or 94 of the Tariff]. Other goods or services used in these plants attract applicable GST.
- Certain disputes have arisen regarding GST rates where specified goods attracting 5% GST are supplied along with services of construction etc and other goods for solar power plant.
- To resolve the dispute the Council has recommended that in all such cases, the 70% of the gross value shall be deemed as the value of supply of said goods attracting 5% rate and the remaining portion (30%) of the aggregate value of such EPC contract shall be deemed as the value of supply of taxable service attracting standard GST rate.

IV. Clarifications:

- Sprinkler system consisting of nozzles, lateral and other components would attract 12% GST rate under S.No. 195B of notification No. 1/2017-Central Tax (Rate) dated 28.6.2018
- Movement of Rigs, Tools & Spares and all goods on wheels on own account where such movement is not intended for further supply of such goods but for the provision of service does not involve a supply (e.g., movement of testing equipment etc.) and is not be liable to GST.
- The goods with description Bagasse Board [whether plain or laminated] falling under Chapter 44 attract GST at the rate of 12%.

- Concessional GST rate of 5% applies to the LPG supplied in bulk to an OMC by refiners/fractioners for bottling for further supply to household domestic consumers.
- While animal/cattle/aquatic/poultry feed are exempt vide S. No. 102 of notification No. 2/2017-Central Tax (Rate), this exemption would not apply to their inputs such as fish meal, meat bone meal, bran, sharps, oil cakes of various oil seeds etc.
- Manure of determination of classification of vitamins, pro-vitamins etc. as animal feed supplements
- Polypropylene Woven and Non-Woven Bags and PP Woven and Non-Woven Bags laminated with BOPP falls under HS code 3923 and attract 18% GST rate.
- 18% GST is applicable on wood logs including the wood in rough/log used for pulping.
- Turbo charger is classified under heading 8414 and attracts 18% GST and not 5% GST.
- Scope of concessional rate of 5% GST rate for specified equipment for waste to energy plant.

➢ **Decisions taken regarding GST rate on services**

GST Council took following decisions relating to changes in GST rates, ITC eligibility criteria, exemptions and clarifications on connected issues.

Reduction in GST rates/exemptions on services:

GST rate on third party insurance premium of goods carrying vehicles shall be reduced from 18% to 12%

I. Services provided by GTA to Government departments/local authorities which have taken registration only for the purpose of deducting tax under Section 51 shall be excluded from payment of tax under RCM and the same shall be exempted.

II. Exemption on services provided by Central or State Government or Union Territory Government to their undertakings or PSUs by way of guaranteeing loans taken by them from financial institutions is being extended to guaranteeing of such loans taken from banks.

Rationalization

I. Parliament and State legislatures shall be extended the same tax treatment with regard to payment of tax under RCM (reverse charge mechanism)as available to Central and State Governments.

II. Security services (supply of security personnel) provided to a registered person, except Government Departments which have taken registration for TDS and entities registered under composition scheme, shall be put under RCM.

III. Services provided by unregistered Business Facilitator (BF) to a bank and agent of Business correspondent (BC) to a BC shall be put under RCM.

Clarifications

I. To clarify that "printing of pictures" falls under service code "998386: Photographic and videographic processing services" of the scheme of classification of services and attract GST @18% and not under "998912: Printing and reproduction services of recorded media, on a fee or contract basis" which attracts GST @12%.

II. To clarify that the incentives paid by RBI to Banks under "Currency Distribution and Exchange Scheme" (CDES) are taxable.

III. To clarify under section 11(3) of the CGST Act, 2017 that scope of entry for multi-modal transport with GST rate of 12% inserted w.e.f. date 26.07.2018, covers only transport of goods from a place in India to another place in India, that is, only domestic multi-modal transport.

IV. To clarify that the banking company is liable to pay GST on the entire value of service charge or fee charged to customers whether or not received via business facilitator or the business correspondent.

➢ **In-Principle approval given for Law Amendments during 31st Meeting of the GST Council**

The GST Council gave in principle approval to the following amendments in the GST Acts:

- Creation of a Centralised Appellate Authority for Advance Ruling (AAAR) to deal with cases of conflicting decisions by two or more State Appellate Advance Ruling Authorities on the same issue.
- Amendment of section 50 of the CGST Act to provide that interest should be charged only on the net tax liability of the taxpayer, after taking into account the admissible input tax credit, i.e. interest would be leviable only on the amount payable through the electronic cash ledger.
- The above recommendations of the Council will be made effective only after the necessary amendments in the GST Acts are carried out.
- Formation of GoM as Recommended by the GST Council in Its 31st Meeting held on 22.12.2018.

The GST Council has approved the proposal to form a 7 Member Group of Ministers to study the revenue trend, including analysing the reasons for structural patterns affecting the revenue collection in some of the States. The study would include the underlying reasons for deviation from the revenue collection targets vis a vis original assumptions discussed during the design of GST system, its implementation and related structural issues.

The Group of Ministers will be assisted by the committee of experts from Central Government, State Governments and the NIPFP (National Institute of Public Finance and Planning), who would study and share the findings with GoM. The GoM in turn would give its recommendation to the GST Council.

The members of the GoM and the Committee of experts would be announced in due course of time.

- **Certain important issues referred by GST Council to various Committees / GoM**

The GST Council decided to refer the following issues to Committees / GoM indicated against them:

I. Extending the Composition scheme to small service providers. The rate of tax and threshold limit to be proposed - Law Committee and Fitment Committee.

II. Tax rate on lotteries – Committee of States.

III. Taxation of residential property in real estate sector – Law Committee and Fitment Committee.

IV. Threshold limit of exemption under GST regime – GoM on MSMEs.

GST council in its next meeting would take a view on the above issues in its next meeting.

Members are requested to take note of above recommendations based on PIB/ CBIC press releases. The said CBIC/ PIB press notes are available for reference using below links:

Date of Uploading	Description
22-12-2018	Recommendations made during 31st Meeting of the GST Council held on 22nd December, 2018 (New Delhi)-Rate changes
22-12-2018	In-Principle approval given for Law Amendments during 31stMeeting of the GST Council
22-12-2018	Certain important issues referred by GST Council to various Committees / GoM
22-12-2018	Recommendations made during 31stMeeting of the GST Council
22-12-2018	Recommendations made during 31st Meeting of the GST Council held on 22nd December, 2018 (New Delhi)-Rate changes and clarification in Goods
22-12-2018	Decisions taken by the GST Council in the 31st meeting held on 22ndDecember 2018 regarding GST rate on services
22-12-2018	Formation of GoM in pursuance of the decisions of the 31st GST Council Meeting - Reg.

Kindly note that above information is provided based on press notes of CBIC/ PIB. For exact details of changes, the notification/Circular/ Clarification the council will update you as and when they are issued.

Thanking you

NOTICE 10

EPC/LIC/DGFT/AA 28/12/2018

To,
ALL THE MEMBERS OF THE COUNCIL

SUBJECT: - DGFT:

- **Increased validity and utilisation of the norms ratified by Norms Committee (NC) under Para 4.12 of Hand Book of Procedures 2015-2020 of the Advance Authorization obtained under para 4.07, by other applicants of advance authorisations**
- **Extension of validity period of Advance Authorisation**
- **Preparation of Minutes of Norms Committees (NCs)**

Dear Members,

We would like to inform you that the O/o Directorate General of Foreign Trade, New Delhi has recently issued important Public Notices/Circulars regarding Extension of validity period of Advance Authorisation, Increased validity and utilisation of the norms ratified by Norms Committee (NC) by other applicants of advance authorisations and Preparation of Minutes of Norms Committees (NCs), respectively.

For the convenience of the members, the gist of the above-said PNs/Circular is provided as follows:

➢ **Increased validity and utilisation of the norms ratified by Norms Committee (NC) under Para 4.12 of Hand Book of Procedures 2015-2020 of the Advance Authorization obtained under para 4.07, by other applicants of advance authorisations**

As per PN No. 64/2015-20 dated 27/12/2018 the Existing Para 4.12(vi) of HBP 2015-20 has been amended. The amended Para 4.12(vi) of HBP 2015-20 will read as under-

Norms ratified by any Norms Committee (NC) in the 0/o DGFT on or after 01.04.2015 in respect of any Advance authorization obtained under paragraph 4.07, shall be valid for the entire period of the Foreign Trade Policy i.e. up to 31.3.2020 or for a period of three years from the date of ratification, whichever is later.

Since all decisions of the Norms Committees are available in the form of minutes on the DGFT website, all other applicants of Advance Authorization are also eligible to apply and get their authorizations based on such ratified norms on repeat basis during validity of these norms.

Effect of this Public Notice: All applicants of Advance Authorization are eligible to apply and get their authorizations based on ratified norms (available on DGFT website in form of minutes) on repeat basis.

➢ **Extension of validity period of Advance Authorisation**

As per PN No. 63/2015-20 dated 27/12/2018, Para 4.41 (c) is amended to read as under:

(c) (i) Regional Authority may consider a request of original Authorisation holder and grant one revalidation for six months from expiry date. Request(s) for revalidation of Authorisation shall be filed online in ANF 4D.

(ii) Regional Authority may further consider a request of original Authorisation holder and grant second revalidation for six months from expiry date of the first revalidation for making imports proportionate to export obligation already fulfilled. Request(s) for revalidation of Authorisation shall be filed online in ANF 4D.

Effect of this Public Notice: Facility of second revalidation of Advance Authorisations for six months has been provided for making imports proportionate to export obligation already fulfilled.

➢ **Preparation of Minutes of Norms Committees (NCs)**

As per circular No. 14/2015-20 dated 27/12/2018 it is informed that the ad-hoc norms fixation procedure by Norms Committee (NC) in 0/o DGFT has been reviewed in the meeting held under the chairmanship of DGFT on 30.11.2018 and the following has been decided for compliance:

The minutes of Norms Committee should be self-contained, as far as possible. In the minutes, (i) export item(s), their ITC(HS) code(s)-- as far as feasible, Quantity, UOM, FOB value; (ii) Import Item(s), their ITC(HS) code(s)-- as far as possible, Quantity, UOM, CIF value needs to be indicated clearly instead of indicating as applied for. Further, in case of any amendments to ad-hoc norms for whatever reasons, complete details, as indicated above, needs to be indicated instead of indicating only the amended portion. Basic purpose of these details is to ensure transparency and usage of such ratified norms by other applicants of advance authorisations on repeat basis.

Members are requested to take note of above Public Notices/ Circular pertaining to changes/ relaxations Advance Authorisations. The said Public Notices/ Circular are available for reference using below links:

Public Notices

S. No.	Public Notice No.	Year	Subject	Date	Details
1	64/2015-20	2018-19	Increased validity and utilisation of the norms ratified by Norms Committee (NC) under Para 4.12 of Hand Book of Procedures 2015-2020 of the Advance Authorization obtained under para 4.07, by other applicants of advance authorisations - reg	27/12/2018	Download (857.86 KB)
2	63/2015-20	2018-19	Extension of validity period of Advance Authorisation - reg.	27/12/2018	Download

Circulars

S. No.	Public Notice No.	Year	Subject	Date	Details
1	14/2015-20	2018-19	(Preparation of Minutes of Norms Committees NCs).	27/12/2018	Download (533.61 KB)

Thanking you,

NOTICE 11

EPC/LIC/JNCH/BE 28/12/2018

To
ALL THE MEMBERS OF THE COUNCIL

SUBJECT:- JNCH, Clearance of fully facilitated Bills of Entry pending for more than 24 hours

Dear Members,

We would like inform you that the O/o Commissioner Of Customs (NS-III), JNCH has issued Public Notice No. 164/2018 dated 28/12/2018 regarding Clearance of fully facilitated Bills of Entry pending for more than 24 hours.

We understand from the above-said Public Notice, that it has come to the notice of Customs Authorities that importers or their Customs Brokers are delaying the clearance by not paying applicable duty (average delay: 70-85 hours) and not registering even after payment of duty (average delay: 50-60 hours) for fully facilitated Bills of Entry (No assessment / No examination prescribed).

In this regard, All Importers and Customs Brokers have been requested to clear the fully facilitated Bills of Entry in less than 24 hours time (from entry inward / arrival of goods).

A helpdesk has been created in RMS facilitation centre to address any difficulty faced by Importers / Customs Brokers in clearance or to clear any doubt. All concerned must approach helpdesk to resolve issue and obtain Out of Charge within 24 hours.

The officers at helpdesk to be contacted are as below:

1. Shri. Dhananjoy Sarkar, AC/RMS, 9892202441.
2. Shri. Ravi Bhushan, Appraiser/DPD, 9768285781.
3. Shri. Neeraj Pandey, Appraiser/RMS, 7506188148.
4. Shri. Narayan Shelar, Superintendent/RMS, 9869644646.

Persistent issues, if any, can also put forth to the council on ed@chemexcil.gov.in and deepak.gupta@chemexcil.gov.in .

Members importing through JNPT are requested to take note of this directive by the customs and do the needful accordingly. The said PN, is available for reference using below link-

http://jawaharcustoms.gov.in/pdf/PN-2018/PN_164_2018.pdf

Thanking You

NOTICE 12

EPC/LIC/CBIC/GST 01/01/2019

To,
ALL THE MEMBERS OF THE COUNCIL

SUBJECT:-GST, CBIC circulars clarifying Refund related issues under GST issued, six miscellaneous issues related to GST, Denial of composition option by tax authorities and Export of services under GST

Dear Members,

We would like to inform you that the Central Board of Indirect Taxes & Customs (CBIC) has issued important circulars, respectively, clarifying Refund related issues under GST issued, six miscellaneous issues related to GST, Denial of composition option by tax authorities and Export of services under GST.

For the convenience of the members, some of the important points addressed specially by the refund related circular, are highlighted as follows:

➢ Online Submission of Statements for Refund of Unutilized ITC on account of Zero rated Supply (Rule 89(4)) instead of Manual Submission (RFD 01A)

➢ Clarity of Calculation is provided for Refund of ITC under Inverted Tax Structure

➢ Instructions for faster disbursal of Refunds and payment of Interest to be paid to claimant

➢ Issue related to Compensation Cess ITC refund for Zero rated Supply

➢ Clarification on Non-consideration of ITC of GST paid on invoices of earlier month availed in subsequent month.

➢ Meaning of the word “Inputs” is clarified so ITC can be considered for Refund Calculation.

➢ Member-exporters availing of ITC refunds and having issues (for above mentioned reasons) are particularly requested to take note of Circular No. 79/53/2018-GST dated 31st December 2018 on refund related issues). For other circulars also, members can use below links for reference-

Circulars/Orders

80/2018	View(353 KB)	देखें (173 KB)	31-12-2018	Circular No. 80/54/2018-GST	Clarification regarding GST rates & classification (goods)
79/2018	View(320 KB)	-	31-12-2018	Circular No. 79/53/2018-GST	Clarification on refund related issues
78/2018	View(113 KB)	-	31-12-2018	Circular No. 78/52/2018-GST	Clarification on export of services under GST
77/2018	View(255 KB)	-	31-12-2018	Circular No. 77/51/2018-GST	Denial of composition option by tax authorities and effective date thereof
76/2018	View(273 KB)	-	31-12-2018	Circular No. 76/50/2018-GST	Clarification on certain issues (sale by government departments to unregistered person; leviability of penalty under section 73(11) of the CGST Act; rate of tax in case of debit notes / credit notes issued under section 142(2) of the CGST Act; applicability of notification No. 50/2018-Central Tax; valuation methodology in case of TCS under Income Tax Act and definition of owner of goods) related to GST

Thanking you

NOTICE 13

EPC/LIC/JNCH/BE 01/01/2019

To,
ALL THE MEMBERS OF THE COUNCIL

SUBJECT:-JNCH, Option to apply for Goods Registration online on ICEGATE

Dear Members,

We would like inform you that the O/o Commissioner Of Customs (NS-I), JNCH has issued Public Notice No. 162/2018 dated 26/12/2018 regarding Option to apply for Goods Registration online on ICEGATE.

As per above PN, importer/Custom Brokers have now been given the option to register the goods online through their login on the ICEGATE website.

The CHA/importer can apply for the goods registration in respect of all the eligible BEs after the payment of applicable duties and arrival of goods at the customs station.

ICEGATE website would also display the specific error to the importer/CHA if such BE is ineligible or not ready for goods registration.

Difficulty, if any, may be brought to the notice of the Joint Commissioner, EDI, JNCH (edi@jawaharcustoms.gov.in)

Members importing through JNPT are requested to take note of this Public Notice.. The said PN, is available for reference using below links-

PN-162-18	Options for Goods Registration	26-Dec-18

The advisory by ICEGATE on goods registration can also be accessed using below link-

https://www.icegate.gov.in/Download/Advisory_for_Goods_Registration.pdf

Thanking You

NOTICE 14

EPC/LIC/TBT/EU 02/01/2019

To
ALL THE MEMBERS OF THE COSMETICS & TOILETRIES PANEL

SUBJECT:-TBT notification no. G/TBT/N/EU/637 issued by EU on labelling of cosmetic products

Dear Members,

We have received communication from the Principal Adviser, APJ-SLG Law Offices informing us about the draft TBT notification no. G/TBT/N/EU/637 dated 20/12/2018 issued by EU on labelling of cosmetic products.

We understand that EU has established a glossary of common ingredient names for use in the labelling of cosmetic products (under Chapter 33).

The brief of the regulation is given below:

This draft Commission Decision aims at establishing a glossary of common ingredient names for use in cosmetic products, to ensure uniform labelling and facilitate identification of cosmetic ingredients.

Article 19(1)(g) of Regulation (EC) No 1223/2009 requires the labelling information on cosmetic products to include a list of ingredients. The ingredients are to be expressed using the common ingredient name set out in a glossary to be compiled and updated by the Commission pursuant to Article 33 of that Regulation. The inventory and nomenclature mentioned in Regulation (EC) No 1223/2009 has become outdated as a result of the high number of new ingredients introduced onto the market every year. Moreover, the requirements set out in Directive 76/768/EEC for the content of the inventory go beyond the requirements set out in Regulation (EC) No 1223/2009 for the content of a glossary of common ingredient names.

Therefore, the EC has come up a new list to cover new ingredients introduced onto the market.

For further details, please use below links-

http://ec.europa.eu/growth/tools-databases/tbt/en/
https://members.wto.org/crnattachments/2018/TBT/EEC/18_6530_00_e.pdf
https://members.wto.org/crnattachments/2018/TBT/EEC/18_6530_01_e.pdf

India's export to EU from Chapter 33 was around USD 287.54Mn during 2017-2018 (Source DOC- Export Import Data Bank).

Member-exporters comments on this draft notification will be appreciated and enable us take up with the Department of Commerce, in case there are issues/ concerns.

Your replies be sent to us at the earliest (by 05/01/2019) on e-mail id's: ed@chemexcil.gov.in, deepak.gupta@chemexcil.gov.in & rodelhi@chemexcil.gov.in under cc to tbt1@slg-india.com .

Thanking you,

NOTICE 15

EPC/LIC/RBI/MSME 02/01/2019

To,
ALL THE MEMBERS OF THE COUNCIL

SUBJECT:-MSME, RBI releases guidelines on restructuring of advances to MSMEs

Dear Members,

We would like to inform you that the Reserve Bank of India has issued Notification vide reference no RBI/2018-19/100DBR.No.BP.BC.18/21.04.048/2018-19 dated 01/01/2019 titled "Micro, Small and Medium Enterprises (MSME) sector – Restructuring of Advances.

This notification is in continuation of earlier RBI circulars DBR.No.BP.BC.100/21.04.048/2017-18 dated February 07, 2018 and DBR.No.BP.BC.108/21.04.048/2017-18 dated June 6, 2018 for relief to MSME's.

As you are aware, Micro, Small and Medium Enterprises (MSMEs) form an important component of the Indian economy and contribute significantly to the country's GDP, exports, industrial output, employment generation, etc. Considering the importance of MSMEs in the Indian economy, government has considered necessary at this juncture to take certain measures for creating an enabling environment for the sector.

The above issue has been examined in RBI and a view has been taken to facilitate meaningful restructuring of MSME accounts that have become stressed.

The important points of the above said RBI notification are as follows:

- RBI has decided to permit a one-time restructuring of existing loans to MSMEs that are in default but 'standard' as on January 1, 2019, without an asset classification downgrade.
- To be eligible for the scheme, the aggregate exposure, including non-fund based facilities of banks and NBFCs, to a borrower should not exceed ₹250 million as on January 1, 2019.
- The restructuring has to be implemented by March 31, 2020.
- A provision of 5% in addition to the provisions already held, shall be made in respect of accounts restructured under this scheme.
- Each bank/NBFC should formulate a policy for this scheme with Board approval which shall, inter alia, include framework for viability assessment of the stressed accounts and regular monitoring of the restructured accounts.

Member-exporters (specially MSME's) are advised to take note of this initiative by the government and if applicable, may pursue with their banks. For further details, members may refer to the above said notification using below link-

https://www.rbi.org.in/Scripts/NotificationUser.aspx?Id=11445&Mode=0

Members may also provide their feed-back to the council on ed@chemexcil.gov.in and deepak.gupta@chemexcil.gov.in .

Thanking You

NOTICE 16

EPC/LIC/CBIC 03/01/2019

To
TO ALL MEMBERS OF THE COUNCIL

SUBJECT:-IGST Export Refunds, Guidelines on resolution of EGM related errors

Dear Members,

We would like to inform you that Central Board of Indirect Taxes and Customs (CBIC) has issued Circular No. 01/2019-Customs dated 02/01/2019 regarding guidelines to the field formations/ concerned stakeholders for IGST Export Refunds–resolution of EGM related errors.

As per the circular, we understand that the processing of IGST refund claims on exports is fully automated. Majority of refunds claims are getting processed and sanctioned within short time (five days) of filing of GSTR-1 and GSTR-3B returns. However, in a few cases, particularly for the LCL cargo consignments originating from ICDs, Export General Manifest (EGM) related errors continue to hinder smooth and automatic sanction of IGST refund claims.

It has been observed that the main reasons for such EGM errors still hampering the IGST refund processing are as under:

i. Online filing of both local and Gateway EGM not being done on time by the concerned stakeholders.

ii. Mismatch in local and gateway EGM details wherever both are filed online.

iii. Non-filing of stuffing report by the Preventive officers at Gateway Ports for the LCL cargo being consolidated at the Gateway Ports/CFSs in the system.

The guidelines for field formations/ various stakeholders, as per the circular are reproduced as follows:

➢ **Non-filing/Late filing of Online Local and Gateway EGM**

i. The processing of IGST refund gets hampered either because the local EGM has not been filed online or has been filed late. There are instances where the cargo originating from the hinterland ICDs reached the gateway port without the local EGM having been filed online. Earlier vide Circular No. 42/2017-Cus., dated 7.11.2017 it was explained that due to manual filing of EGM in respect of Shipping bills originating from ICDs, system is unable to match the gateway EGM and the local EGM. Therefore, it was instructed that all the custodians / carriers / shipping lines operating at ICDs/ Gateway ports should file EGM online. It is re-iterated that the first step would be that the concerned stakeholders at the originating ICDs file the local EGMs online.

ii. Where the export goods are directly moved by truck to the gateway port, in such cases, filing the local EGM timely should not pose any problem. At inland ICDs/CFSs connected by train, the local EGM shall be filed before the goods actually move out of ICD/CFS. In ICDs/CFSs not connected by train but where the movement of export goods begins from the nearest train-based ICD/CFS, it has been observed that local EGM is not being filed as the Train Number is not known to the custodian for the want of Rail receipt. In such cases, it must be ensured that local EGM is filed by the custodian immediately after getting Train details in which containers are moving to Gateway port but in any case, before the train leaves for the Gateway port. Officers at these stations shall constantly monitor to check the pendency and take necessary action.

iii. Non-filing of EGM clearly hints at non-compliance by the custodian / person in charge of the conveyance carrying export goods. Section 41 of the Customs Act authorizes the customs officer to take action against such non-filers. However, more than invoking the penal sections, jurisdictional Commissioners need to constantly monitor the activity of timely filing of the EGM and take necessary steps to ensure the same.

iv. Board expects its jurisdictional officers to take all necessary steps to ensure that all EGMs of cargo related to past cases are filed before 31st January 2019. As a measure of facilitation, penal provisions may not be invoked for EGMs filed till 31st January, 2019. However, continued non-compliance beyond 1st February, 2019 may be dealt strictly by taking recourse to penal provisions in accordance with the law.

➢ **Mismatch in Local EGM and Gateway EGM**

i. The errors arising out of mismatch of information provided in local and Gateway EGM has been discussed in para 6 of Circular No. 06/2018-Customs where in Board had clearly delineated the roles and responsibilities of the Customs officers at the inland ICDs/ CFSs and at the Gateway port or CFSs attached with the gateway ports respectively in so far as the task of integrating the local EGM and the gateway EGM was concerned.

ii. One of the major hindrances in smooth processing of IGST refunds for the past period is the problem faced by field formations in gathering information with regard to LCL cargo from Shipping lines and Custodians. The matter has been examined. The procedure related to consolidation of cargo at Gateway ports has already been prescribed vide Circular No. 55/2000-Cus dated 30.06.2000 wherein it is provided inter-alia that the custodian of the gateway port or CFS near gateway port is required to maintain a tally sheet container-wise, giving details of the export consignments, the previous Container No., Shipping Bill No., AR-4 No. and the details of new container in which goods have been re-stuffed. It was also mandated that the concerned shipping line would issue the Bill of Lading, a copy of which would be handed over to the custodian. After necessary endorsements regarding inspection, the other transference copy would be returned to the originating ICD/ CFS. Thus, the custodian of the CFSs or Gateway port bears the responsibility to maintain all records with regard to LCL cargo consolidated at their premises. Subsequently, vide circular No. 08/2018-Customs, instead of the said transference copy, correlation with final bill of lading or written confirmation from the custodian of the gateway CFS was permitted for purposes of integration of the local and gateway EGM.

iii. It has also been learnt that in some field formations tally sheet is being maintained in the form of Container Load Plan (CLP) which is prepared by Shipping lines and gives details of packages stuffed in the container. It has been reported that cargo is de-stuffed under customs supervision based on Container De-stuffing Plan (CDP). Preparing CLP/CDP does not absolve the custodian of the responsibility of keeping account of the cargo being handled in the form of a tally sheet. Such local practice of CLP/CDP appears to have been started only for the convenience of shipping lines/custodian. The accounting of previous containers vis-a-vis new container in case of LCL cargo being re-stuffed at CFS or Gateway port is an important event in establishing the linkage between the local EGM and Gateway EGM. Circular 55/2000-Cus dated 30.06.2000 mandating the procedure to be followed at Gateway Ports or CFS attached to Gateway ports and the originating inland ICDs/CFSs for consolidation of LCL cargo on Gateway ports or CFS attached to such gateway ports is still in vogue and the same has not been dispensed with.

iv. Agents of Shipping lines / freight forwarders/ consolidators operating at the inland ICDs/CFSs play a very critical role in booking of the export cargo for the overseas destination. CBIC has deputed its officers to some of the inland ICDs/ CFSs. The feedback obtained has revealed that these entities have all the necessary information regarding the movement of goods from ICDs/ CFSs to Gateway port, consolidation at the gateway port and journey beyond. These entities can be easily approached to provide the requisite information/ documents for rectification of EGM related errors in case exporters for some reason do not have the requisite information. Jurisdictional Customs officers at inland ICDs/ CFSs are therefore, required to approach these agents to obtain the details of re-worked containers (C or N related EGM errors). The information gathered from the agents shall be collated and immediately communicated to Gateway port officers so that rectification of errors (C or N) could be done.

v. Customs officers in charge of CFSs shall provide list of Shipping Bills having SB006 error i.e EGM errors to the concerned CFSs at gateway ports. The custodians shall in turn provide details as mentioned in Tally Sheets or CDP/CLP (containing container details) relating to the said SBs to the Customs officers. Simultaneously, Gateway port officers shall coordinate with the officers of the originating ICDs/ CFSs to obtain relevant particulars in accordance with the procedure in para (iv) above. It shall be the responsibility of the officers in charge of CFSs at Gateway ports to obtain necessary details from the stakeholders which establish the linkages between the goods received from inland ICDs/ CFSs and those exported out of India except in cases where the local EGM has not been filed in which case the responsibility would be of the officers manning the inland ICD/CFS.

vi. Once the details are received, the Preventive officer/ P.O. at the gateway port CFSs shall use the option in the Preventive Officer role (PREV_OFF) to rectify container details. (Refer ICES Advisory 08/18 dt. 09.03.2018). The preventive officer can amend the container details in the Gateway EGM CTR Amendment Option to correct the

N and C errors after verifying the relevant details from shipping bill, master BL and House(local) BL. Once the corrections are made, EGM officer at Gateway port can revalidate EGMs for successful integration of the updated details. For those shipping bills in respect of which no gateway EGM was filed in the first place, the shipping line can file supplementary EGM for successful integration.

vii. Responsibilities and liabilities of custodians have been provided in detail in the Handling of Cargo in Customs Areas Regulations, 2009. Regulation 6 clearly casts the responsibility of keeping account of export goods on the Customs Cargo Service Provider (CCSP). Further, the procedure for suspension or revocation and imposition of penalty is provided in Regulation 12 which can be resorted to in cases where CCSP fails to comply with the regulations. This must be strictly enforced after following due process in instances of persistent non-compliance.

viii. Export of goods out of India is an essential condition for grant of IGST refund as provided in Rule 96 of CGST Rules, 2017. It therefore warrants verification whether the goods were indeed exported out of India where the IGST refund claims have been long pending with EGM error (SB006).

➢ **Stuffing Report by Preventive Officers at Gateway Ports**

i. It appears that in some gateway ports, the Preventive officers are entering stuffing report in ICES application of Customs EDI System pertaining to the shipping bills filed only in gateway port, but not for the shipping bills which have been filed in ICDs. It is important that Preventive officers posted in gateway ports should enter stuffing reports for all shipping bills irrespective of the fact from where they have been filed i.e in gateway port or ICDs.

ii. Further, in order to avoid the problem of mismatch in information in local and gateway EGMs, the preventive officers must play a proactive role. Custodian at CFSs/Gateway Ports shall prepare Tally Sheet as mandated in Circular No. 55/2000-Cus. The preventive officer shall supervise de-stuffing and re-stuffing, so as to verify the details like number of package (s), quantity etc. and satisfy himself that there is no short shipment, replacement or diversion of cargo etc. In addition to providing the stuffing report for the local cargo, the gateway port officer should also verify the correctness of package (s) and container details for cargo coming from inland ICDs cargo immediately in ICES, using the Gateway EGM CTR Amendment option. Tally sheet shall be prepared containing all the necessary details simultaneously. Corrections, if required, in the container/package details shall be rectified at this stage itself to avoid the occurrence of N and C errors, when the gateway EGM is eventually filed. Once the corrections are made, the EGM officer at the Gateway port can revalidate EGMs for successful integration of the updated details.

iii. Board had vide Circular No. 67/2000-Customs extended the procedure prescribed in 55/2000-Customs to agents of shipping lines / MTOs / NVOCCS / freight forwarders/consolidators. This was purely a facilitation measure taking into account the business practice of the shipping lines. Board has allowed these entities a role in the logistics chain only to facilitate the trade. Since these entities have the necessary information, it should not be difficult for them to provide the particulars required to resolve the pending SB006 cases. Therefore, there is a responsibility on these entities to coordinate with the field formations in return. Board would be constrained to review the facility given vide 67/2000-Customs to agents of shipping lines / MTOs / NVOCCS / freight forwarders/ consolidators should there be any report of non-cooperation and non-compliance from their side.

Member-exporters having pending IGST refunds due to EGM related errors may take note of the above guidelines meant for the filed formations. The above circular is available for reference using below link-

http://cbic.gov.in/htdocs-cbec/customs/cs-circulars/cs-circulars-2019/Circular-01-2019-Customs.pdf

Members may also provide their feed-back to the council on ed@chemexcil.gov.in and deepak.gupta@chemexcil.gov.in .

Thanking You

NOTICE 17

EPC/LIC/RBI 03/01/2019

To,
TO ALL MEMBERS OF THE COUNCIL

SUBJECT:-V. Imp, Cabinet allows inclusion of merchant exporters under Interest Equalisation Scheme (IES) for Pre and Post Shipment Rupee Export Credit

Dear Members,

We are pleased to inform you that The Cabinet Committee on Economic Affairs (CCEA) chaired by the Honourable Prime Minister Shri Narendra Modi, has given its approval to the proposal of the Department of Commerce for including merchant exporters under the Interest Equalisation Scheme (IES) for Pre and Post Shipment Rupee Export Credit by allowing them interest equalisation rate of 3% on such credit for export of products covered under 416 tariff lines identified under the scheme. These products are largely in MSME/ labour intensive sectors such as Agriculture, Textiles, Leather, Handicraft, machinery, etc.

As per the PIB release dated 02/01/2019 (http://pib.nic.in/PressReleseDetail.aspx?PRID=1558202) , the proposal will entail benefits of around Rs 600 crore to exporters on interest equalisation, for the remaining period of the scheme.

Inclusion of merchant exporters in the scheme is expected to make them more competitive, encouraging them to export more products manufactured by MSMEs adding to country's exports. Additional exports by them will increase production by MSME giving a fillip to employment generation as MSME are generally in the employment intensive sectors.

The present scheme, which is in-force from 1.4.2015 for five years, provides interest equalization rate of 3% on Pre and Post Shipment Rupee Credit tor all manufacturing exporters exporting identified 416 four digit tariff lines and 5% on all merchandise products manufactured and exported by MSMEs. Merchant exporters were hitherto not covered under the scheme.

The council/ other trade bodies have been persistently demanding inclusion of the merchant exporters also in the ongoing scheme as merchant exporters play an important role in finding overseas markets, getting export orders, communicating to MSME manufacturers the current preferences, trends and demand for products in international export markets. High cost of credit equally impact their competitiveness also as they factor the high interest costs in their export costing.

We shall have exact details once the relevant notification is issued by RBI. The council shall update you accordingly.

Thanking You

NOTICE 18

EPC/LIC/DGFT/AA-EPCG 04/01/2019

ALL THE MEMBERS OF THE COUNCIL

SUBJECT:- DGFT, Rationalization of procedures in handling redemption requests under Advance-EPCG Authorizations

Dear Members,

We would like to inform you that the O/o Directorate General of Foreign Trade, New Delhi has issued Public Notice no 66/2015-20 dated 03/01/2019 regarding Rationalization of procedures in handling redemption requests under Advance-EPCG Authorizations.

As an effect of this Public Notice, following amendments in ANF-4F and ANF-5B of the Hand Book of Procedures 2015-20 are effected, whereby ANF-4F/ ANF-5B will indicate the number of EDI/ Non-EDI shipping Bills used:

- In ANF-4F, under DECLARATION/UNDERTAKING, Sr. No, 11 is added as under:

  11. The application contains----- ------ nos. of EDI Shipping Bills and……….nos. of Non-EDI Shipping Bills.

- In ANF-5B, under Declaration/Undertaking, Sr. No. 9 is added as under:

  9. The application contains--- ---nos. of EDI Shipping Bills and ---------nos of Non-EDI Shipping Bills.

Member-exporters availing of Advance Authorisation/ EPCG may take note of the Rationalization of procedures in handling redemption requests and do the needful accordingly. For further details, members may refer to the above said PN using below link-

Public Notices

Public Notice No.	Year	Subject	Date	Details
66/2015-20	2018-19	Rationalization of procedures in handling redemption requests under Advance-EPCG Authorizations	03/01/2019	Download (305.97 KB)

http://dgft.gov.in/sites/default/files/public%20Notice%2066%20English.pdf

Thanking You,

NOTICE 19

EPC/LIC/DGFT/MEIS 09/01/2019

To
ALL THE MEMBERS OF THE COUNCIL

SUBJECT:-DGFT, Directives for processing of application for MEIS claims under Foreign Trade Policy 2015-20

Dear Members,

We would like to inform you that the O/o Directorate General of Foreign Trade, New Delhi has issued Public Notice no. 68/2015-20 dated 09/01/2019 regarding Directives for processing of application for MEIS claims under Foreign Trade Policy 2015-20.

As informed vide our circular dated 19/02/2018, the O/o DGFT New Delhi had issued Public Notice no. 62/2015-2020 dated 16/02/2018 giving directives for processing of application for MEIS claims under Foreign Trade Policy 2015-20. This allowed processing of MEIS claims for majority of items based only on ITC HS code mentioned in Shipping Bill, except for the ITC(HS) Codes specified in Annexure to above-said Public Notice 62/2015-2020 where Regional Authority (RA) continues to process the applications for MEIS claim after matching the description as well in the Shipping Bill with Export Product Description in Table 2 of Appendix 3B.

However, with the objective of improving ease of doing business, O/o DGFT New Delhi has now issued Public Notice no. 68/2015-20 dated 09/01/2019 regarding amendment in the list of ITC(HS) Codes specified in Annexure to Public Notice 62/2015-2020 for which DGFT RA's will process MEIS applications in manual mode.

As far as chemical sector items are concerned very few items are kept in this Annexure (HS Code. 33019031, 38085900 etc).

Members are requested to take note of this amendment and do the needful accordingly, if applicable. The details of the Public Notice no. 68/2015-20 dated 09/01/2019 along-with amended Annexure is available for reference using below link-

Public Notices

Public Notice No.	Year	Subject	Date	Details
68/2015-20	2018-19	Directives for processing of application for MEIS claims under Foreign Trade Policy 2015-20	09/01/2019	Download (812.63 KB)

http://dgft.gov.in/sites/default/files/PN%2068%20dt.%209.1.2019%20english.pdf

Thanking You

NOTICE 20

EPC/PROJ/REACH **11/01/2019**

To,

ALL THE MEMBERS OF THE COUNCIL

SUBJECT:-REIMBURSEMENT OF REGISTRATION CHARGES FOR STATUTORY COMPLIANCE IN BUYER COUNTRY FOR CHEMICALS/ AGROCHEMICALS AND COSMETICS PRODUCTS

Dear Members,

As you are aware, the Council recommends the claims received in the Council for reimbursement of 50% of ECHA registration charges / charges for agrochemical product registration abroad.

You may be also aware, the reimbursement of registration charges for cosmetics products/ data generation/ letter of access cost / data evaluation cost/ consultancy cost/ has been a long-standing issue amongst the exporters.

The Council had been regularly taking its best efforts over the years for inclusion of important components and increase the ceiling limit of reimbursement amount for Statutory Compliances which were the concerns of many of our member-exporters since long. Several representations were also submitted in this regards to the concerned authorities and continuous follow-ups were done.

We are now glad to inform that the Ministry of Commerce & Industry has considered our request and accordingly revised the Market Access Initiative scheme (MAI) guidelines that were issued vide letter no. K-11020/303/2018-E&MDA dated 7th January-2019 which is enclosed for your kind perusal. The copy of the MAI guidelines dated 16th Feb 2018 are also attached herewith for your ready reference.

Below important components were included in the same.

1. The ceiling of reimbursement of registration charges has been increased from Rs 50 lakhs to Rs 2 crore per annum per exporter
2. Inclusion of additional components in para 4.2. of the MAI scheme specially for the Chemicals / Agrochemicals & Cosmetics products
    - Reimbursement of registration charges of cosmetics products,
    - Data generation
    - Letter of access cost
    - Study cost,
    - Data purchase cost,
    - Research on existing data,
    - Data evaluation,
    - Consultancy cost,

- Study monitoring cost etc.

3. Claims should be submitted within 90 days of receipt of the registration certificate

The above revisions in the MAI Scheme / guidelines are effective from 7th Jan 2019.

All the members of the chemicals / agrochemicals/ cosmetics sector are requested to take a note of the above and accordingly submit their claims to CHEMEXCIL within the 90 days criteria.

Thanking You

NOTICE 21

EPC/LIC/DGFT_CBIC/AA 11/01/2019

To,
ALL THE MEMBERS OF THE COUNCIL

SUBJECT:-Important, Removal of Pre-import condition for exemption from integrated tax and Compensation cess for materials imported against Advance Authorization and Advance Authorizations for Annual Requirement, Inclusion of deemed export supplies

Dear Members,

As you are aware, pre-import condition for exemption of IGST on import under Advance Authorization/ EPCG has been a long-standing issue amongst the exporters. The council has regularly taken up this issue with all the concerned authorities for deletion of the pre-import condition.

Taking cognizance of the representations of the council/trade, the O/o Directorate General of Foreign Trade, New Delhi has issued Notification No 53/2015-20 dated 10/01/2019 regarding Amendment in Para 4.14 and 4.16 (ii) of the Foreign Trade Policy 2015-20 .

As an effect of this notification, Para 4.14 of FTP 2015-20 is amended to remove pre-import condition to avail exemption from Integrated Tax and Compensation Cess and exemption from Integrated Tax and Compensation Cess is also extended to deemed supplies.

For further details, please refer DGFT Notification No. 53 Dt. 10.01.2019 available on below link-

http://dgft.gov.in/sites/default/files/Notification%20No.%2053%20English%2010-01-2019_0.pdf

Further, the Department Of Revenue, Ministry Of Finance has also issued its corresponding Notification No.01/2019 Dt. 10.01.2019 Seeking to remove pre-import condition and include specified deemed export supplies for exemption from integrated tax and Compensation cess for materials imported against Advance Authorizations and Advance Authorizations for Annual Requirement.

The details of DOR, MOF notification can also be referred using below link-

http://www.cbic.gov.in/htdocs-cbec/customs/cs-act/notifications/notfns-2019/cs-tarr2019/cs01-2019.pdf

Members are requested to take note of these DGFT/ CBIC notifications regarding this important relaxation. You can also send their feed-back, if any, on ed@chemexcil.gov.in & deepak.gupta@chemexcil.gov.in.

Thanking You

NOTICE 22

EPC/LIC/GST 11/01/2019

To,
ALL THE MEMBERS OF THE COUNCIL

SUBJECT:- Recommendations Made/ Major decisions taken by the GST Council in its 32nd Meeting held in New Delhi on 10/01/2019

Dear Members,

We would like to inform you that the GST Council in its 32nd Meeting held in New Delhi on 10/01/2019 under the Chairmanship of the Union Minister of Finance & Corporate Affairs, Shri Arun Jaitley took major decisions to give relief to MSME (including Small Traders) and also made some recommendations.

As per PIB press release, the gist of the some of the Recommendations Made/ Major decisions taken are highlighted as follows for the convenience of the members:-

Major Decisions taken by the GST Council in its 32nd Meeting held in New Delhi on 10/01/2019

1. **Increase in Turnover Limit for the existing Composition Scheme:**

The limit of Annual Turnover in the preceding Financial Year for availing Composition Scheme for Goods shall be increased to Rs 1.5 crore. Special category States would decide, within one week, about the Composition Limit in their respective States.

- Compliance Simplification: The compliance under Composition Scheme shall be simplified as now they would need to file one Annual Return but Payment of Taxes would remain Quarterly (along with a simple declaration).

2. **Higher Exemption Threshold Limit for Supplier of Goods:**

There would be two Threshold Limits for exemption from Registration and Payment of GST for the suppliers of Goods i.e. Rs 40 lakhs and Rs 20 lakhs. States would have an option to decide about one of the limits within a weeks' time. The Threshold for Registration for Service Providers would continue to be Rs 20 lakhs and in case of Special Category States at Rs 10 lakhs.

3. **Composition Scheme for Services:**

A Composition Scheme shall be made available for Suppliers of Services (or Mixed Suppliers) with a Tax Rate of 6% (3% CGST +3% SGST) having an Annual Turnover in the preceding Financial Year up to Rs 50 lakhs.

- The said Scheme Shall be applicable to both Service Providers as well as Suppliers of Goods and Services, who are not eligible for the presently available Composition Scheme for Goods.
- They would be liable to file one Annual Return with Quarterly Payment of Taxes (along with a Simple Declaration).

4. Effective date: The decisions at Sl. No. 1 to 3 above shall be made operational from the 01/04/2019.
5. Free Accounting and Billing Software shall be provided to Small Taxpayers by GSTN.
6. Revenue Mobilization for Natural Calamities: GST Council approved Levy of Cess on Intra-State Supply of Goods and Services within the State of Kerala at a rate not exceeding 1% for a period not exceeding 2 years

Recommendations made by the GST Council in its 32nd Meeting held in New Delhi on 10/01/2019

The GST Council in its 32nd Meeting held today under the Chairmanship of the Union Minister of Finance & Corporate Affairs gave approval for the following:

Changes made by CGST (Amendment) Act,2018, IGST (Amendment) Act, 2018, UTGST (Amendment) Act, 2018 and GST (Compensation to States) Amendment Act, 2018 along with amendments in CGST Rules, notifications and Circulars issued earlier and the Corresponding Changes in SGST Acts would be notified w.e.f. 01.02.2019.

Members are requested to take note of some of the above Recommendations Made/ Major decisions taken during 32nd Meeting held in New Delhi on 10/01/2019. The same press release is available on PIB site using below links-

- Recommendations made by the GST Council in its 32nd Meeting held today under the Chairmanship of the Union Minister of Finance & Corporate Affairs, Shri Arun Jaitley
- Major Decisions taken by the GST Council in its 32nd Meeting held today under the Chairmanship of the Union Minister of Finance & Corporate Affairs, Shri Arun Jaitley

Thanking You,

Yours faithfully

NOTICE 23

EPC/LIC/DGFT/MEIS 14/01/2019

To,
ALL THE MEMBERS OF THE COUNCIL

SUBJECT:-DGFT, Mandatory recording of information on DGFT website about transfer of MEIS/SEIS Scrips issued from 14.01.2019 onwards (for EDI ports only)

Dear Members,

We would like to inform you that the O/o Directorate General of Foreign Trade, New Delhi has issued Trade Notice no. 42/2018-19 dated 11/01/2019 regarding Mandatory recording of information on DGFT Website about transfer of MEIS/SEIS Scrips (EDI ports only).

As per the trade notice, it's is envisaged to discontinue issuance of MEIS/ SEIS in physical form in future. However, it is important to know the current owner of a MEIS/ SEIS scrip online, so that only the current owner is allowed to be used by customs for duty payment.

In a move to improve ease of doing business and promoting Digital Processing, it is now mandatory for MEIS/SEIS issued on or after 14.01.2019 for all EDI Ports to record the transfer details of MEIS/SEIS Scrips.

Unless the Transfer details are recorded on DGFT Website, new owner (Transferee) will not be allowed by Customs to use the MEIS Scrip for duty payment.

The Procedure of registering the Transferee is provided in Annexure to Trade Notice 42/2015-20 Dated 11.01.2019 available for reference using below link-

S. No.	Notice No.	Year	Subject	Date	Details
1	42/2018-19	2018-19	Mandatory recording of information on DGFT website about transfer of MEIS/SEIS Scrips issued from 14.1.2019 onwards (for EDI ports only)	11/01/2019	Download (861.27 KB)

(http://www.dgft.gov.in/sites/default/files/Trade%20Notice%20No.%2042%20dt.%2011.01.2019_0.pdf)

Member-exporters (especially who don't use, but sell MEIS) are requested to take note of this requirement and do the needful. You can also send your feed-back/ concerns, if any, on ed@chemexcil.gov.in & deepak.gupta@chemexcil.gov.in .

Thanking You

NOTICE 24

EPC/LIC/RBI/IES 14/01/2019

To,
TO ALL MEMBERS OF THE COUNCIL

SUBJECT:- RBI circular for inclusion of merchant exporters under Interest Equalisation Scheme (IES) for Pre and Post Shipment Rupee Export Credit

Dear Members,

This is in continuation of our circular dated 03/01/2019 informing you that the Cabinet Committee on Economic Affairs (CCEA) has given its approval to the proposal of the Department of Commerce for including merchant exporters under the Interest Equalisation Scheme (IES) for Pre and Post Shipment Rupee Export Credit by allowing them interest equalisation rate of 3% on such credit for export of products covered under 416 tariff lines identified under the scheme.

In this regard, Reserve Bank has now issued its circular no. DBR.Dir.BC.No.22/04.02.001/2018-19 dated January 11, 2019 wherein it has been decided to include merchant exporters also w.e.f. January 2, 2019, under the ongoing Interest Equalisation Scheme for Pre and Post Shipment Rupee Export Credit and allow them interest equalisation at the rate of 3% on credit for export of products covered under 416 tariff lines identified under the Scheme.

For operational instructions of the IES scheme and details of the 416 tariff lines specified for Non-MSME's which are now being made available to merchant exporters also for IES @ 3%, members can use below links pertaining to the earlier RBI circular numbers DBR.Dir.BC.No.62/04.02.001/2015-16 dated December 4, 2015 & DCBR.CO.SCB.Cir.No.1/13.05.000/2015-16 dated February 11, 2016 :

https://rbidocs.rbi.org.in/rdocs/notification/PDFs/257IE85A5E419354C4226B855C5C7E949DF9F.PDF

https://rbidocs.rbi.org.in/rdocs/notification/PDFs/NT322468DA7E3559F4FDCA05F627EE6310FB3.PDF

Member-exporters (specially merchant) are requested to take note of this positive development and also check for their eligible tariff lines using above links. You can also send your feed-back/ concerns, if any, on ed@chemexcil.gov.in & deepak.gupta@chemexcil.gov.in .

Thanking You


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