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Directorate General of Foreign Trade
(PRC Section)

Minutes of the Policy Relaxation Committee Meeting Held on 28.07.2020 under the Chairmanship of Shri Amit Yadav, Director General of Foreign Trade

Meeting No.06/AM21 held on 28.07.2020

The following members were present in the meeting:

1. Shri R. P. Goyal — Addl. DGFT
2. Shri Vijay Kumar — Addl. DGFT
3. Shri Satyan Sharda — Addl. DGFT
4. Shri Hardeep Singh — Addl. DGFT
5. Shri Anil Aggarwal — Addl. DGFT
6. Shri Rajbir Sharma — Jt. DGFT

Following cases were discussed. The decision taken on the individual cases are as under:-

S. No	Name of the firm	Case No.
1.	M/s. Bachiwind Commission Agent, Punjab	1
2.	M/s. Maan Aluminium Limited, New Delhi	2
3.	M/s. A. P. Organics Limited, Ludhiana	3
4.	M/s. Dewas Metal Sections Limited Dewas MP	4
5.	M/s. Scraft Products Private Limited, New Delhi	5
6.	M/s. KIMS Bellerose Institute of Medical Sciences Pvt Ltd., Trivendrum	6
7.	M/s. Imperial Readymade Garments Factory India Pvt. Ltd., Tamil Nadu	7
8.	M/s. Usha Martin Limited, Kolkata	8
9.	M/s. Shockley Hall Electronics (P), Kolkata	9
10.	M/s. Shubhalakshmi Polyesters Limited, Gujarat	10

PH Case No. 01 M/s. Bachiwind Commission Agent, Punjab
F. No. 01/60/162/790/AM19/PRC
PRC Meeting No.06/AM21 dated 28.07.2020

Subject: Acceptance of e-BRC for FPS/VKGUY and MEIS benefit which was uploaded delay by their bankers.

Decision: The applicant had sought personal hearing in terms of Para 2.59 of FTP, 2015-2020, which was afforded on 28.07.2020, but no one appeared on behalf of the firm. The Committee decided to defer the case.

(Action: Applicant)

PH Case No. 02 M/s. Maan Aluminium Limited, New Delhi
F. No. 01/60/162/841/AM20/PRC
PRC Meeting No.06/AM21 dated 28.07.2020

Subject: To allow MEIS benefit against 06 Shipping bills wherein MEIS reward scheme was inadvertently selected as "No" instead of "Y".

The applicant had sought personal hearing in terms of Para 2.59 of FTP, 2015-2020, which was afforded on 28.07.2020. Shri Prabir Samanth, Authorised Representative appeared on behalf of the firm and made the following submissions:

The applicant stated that they have exported six consignments under following 6 Shipping Bills No.(i) 9510522 dated 27.10.2017, (ii) 9525770 dated 27.10.2017, (iii) 9632946 dated 01.11.2017, (iv) 9796810 dated 09.11.2017, (v) 9865370 dated 13.11.2017 &(vi) 9992512 dated 18.11.2017 as per buyer's requirement. At the time of shipping bill filling they have selected the "Yes" reward but after final print out it showing "No" in shipping bills. They come to know at the time of MEIS filling and immediately they approached the Customs Authority. Customs have already issued the amendment letter to them with mentioning the "Yes" content. Also, they have mentioned on 1st page of shipping bills that "they claim rewards under merchandise exports from India Scheme (MEIS)".Though the said amendment falls under Section 149 of the customs Act 1962 as there are documentary evidences which was in existence at the time of export of goods, however since the LEO of all the shipping bills have already been given and gate way EGM has also been filed, hence as on today no amendment can be made in EDI system.

__Decision__: The Committee heard and examined the case on the basis of justification furnished by the firm and discussed the matter at length. The Committee observed that the Shipping Bills where 'No' is ticked (for whatsoever reason) do not get electronically transmitted on-line in the automated environment. Accordingly, it decided to reject the case.

(Action: Applicant)

PH Case No. 03 M/s. A. P. Organics Limited, Ludhiana
F. No. 01/60/162/148/AM20/PRC
PRC Meeting No.06/AM21 dated 28.07.2020

Subject: To allow of MEIS benefit against 2 Shipping Bill No.3436111 dated 12.03.2018 & 3525487 dated 16.03.2018.

__Decision:__ The applicant had sought personal hearing in terms of Para 2.59 of FTP, 2015-2020, which was afforded on 28.07.2020, but no one appeared on behalf of the firm. The Committee decided to defer the case.

(Action: Applicant)

PH Case No. 04 M/s. Dewas Metal Sections Limited, Dewas MP
F. No. 01/60/162/558/AM20/PRC
PRC Meeting No.06/AM21 dated 28.07.2020

Subject: Extension in EO Period against EPCG Authorization No.1130001934 dated 19.10.2010.

The applicant had sought personal hearing in terms of Para 2.59 of FTP, 2015-2020, which was afforded on 28.07.2020. Shri Nitesh Kanungo, Manager – Marketing appeared on behalf of the firm and made the following submissions:

The applicant stated that their products are connecting plates and used in Power Plant Industry. Sine these types of projects are very huge which needs many approvals, findings, environment clearance etc, which takes time. Their products are used at final stage which comes later and due to funding problem and worldwide recession, buyer has deffered there requirement. Due to recession in International market they could fulfill only average export and in last 2-3 years. Exchange rate was 45.60 at the time of license taken now it is 70.50. Now, situation is improving and in the meantime validity of license has been expired. New export order is receiving but just beyond the EOP which can be added only after further extension of License. Their main competitor is China who dumps the goods at lower prices in exports; due to this unfair competition their prices are always higher.

Decision: The Committee heard the submission made by the firm and discussed the matter at length and noted that due to specific issues related to supplies in power plant industry, the firm has faced the problem. It was also observed that exports have already been completed and request is for regularization of such exports. Therefore, it decided to accede to the request of the firm for extension in EOP up to 31.03.2020 against EPCG Authorization No.1130001934 dated 19.10.2010 subject to payment of composition fee of 2% on duty saved amount proportionate to unfulfilled portion of EO, on the date of expiry of original/extended EOP. All shipping bills need to contain EPCG Authorization number and none of the shipping bills should be a free shipping bill. The other terms and conditions towards fulfillment of EO shall remain same as per policy/HBP provisions. The firm shall approach RA within 30 days from the date of uploading of the minutes of meeting.

(Action: Applicant/RA-Bhopal)

PH Case No. 05 M/s. Scraft Products Private Limited, New Delhi
F. No. 01/60/162/693/AM20/PRC
PRC Meeting No.06/AM21 dated 28.07.2020

Subject: Extension of EOP against 3 Advance Authorization No.(i) 0510403061 dated 07.06.2017, (ii) 0510403821 dated 28.08.2017,and (iii) 0510403822 dated 28.08.2017.

Decision: The applicant had sought personal hearing in terms of Para 2.59 of FTP, 2015-2020, which was afforded on 28.07.2020, but no one appeared on behalf of the firm. The Committee decided to defer the case.

(Action: Applicant)

PH Case No. 06 M/s. KIMS Bellerose Institute of Medical Sciences Pvt Ltd., Trivendrum
F. No. 01/60/162/608/AM20/PRC
PRC Meeting No.06/AM21 dated 28.07.2020

Subject: To Consider the exports of the parent company after meeting its average exports towards the fulfillment of the EO of following 14 EPCG Authorizations No.(i) 5330001556 dated 16.05.2014, (ii) 5330001557 dated 16.05.2014, (iii) 5330001565 dated 10.06.2014, (iv) 5330001564 dated 06.06.2014, (v) 5330001568 dated 16.06.2014, (vi) 5330001571 dated 19.06.2014, (vii) 5330001574 dated 25.06.2014, (viii) 5330001575 dated 30.06.2014, (ix) 5330001577 dated 07.07.2014, (x) 5330001578 dated 11.07.2014, (xi) 5330001579 dated 11.07.2014, (xii) 5330001580 dated 09.09.2014, (xiii) 5330001599 dated 06.01.2015 and (xiv) 5330001630 dated 26.05.2015 cast upon the subsidiary Company

The applicant had sought personal hearing in terms of Para 2.59 of FTP, 2015-2020, which was afforded on 28.07.2020. Shri Shiju Siraj, Manager Finance & Taxation, appeared on behalf of the firm and made the following submissions:

The applicant stated that they have obtained the above 14 EPCG Authorizations for the period 16.05.2014 to 06.01.2015 for import of 14 Medical Equipments, in which EO remain unfulfilled due to force majeure reasons. They are a subsidiary Company of KIMS Health Management Limited. Bellerose Institute of Medical Sciences Private limited, Kottayam started in 2010 was taken over by KIMS Healthcare Management limited with an investment of 55% of shares holding of Bellerose (Current holding being 90.83 %). The name changed to KIMS Bellerose Institute of Medical Sciences Pvt. Ltd., and Head Office shifted to Trivandrum. Anticipating considerable inflow of foreign exchange at Kottayam, which is a NRI belt of south Kerala, the company obtained 14 EPCG Authorization. The EO in actual terms is USD 979315.00 (Rs. 6,04,72,478.00) and the EOP is 6 years from the date of the issue of the Authorization (15.05.2020 to 05.01.2021). No exports have been done till date. However, hospital is treating domestic patients. Hence, requested to consider the exports of KIMS Health management limited towards the fulfillment of export of its subsidiary company and if the same is permitted the EO can be fully performed well before the specified EOP.

Decision: The Committee heard the case based on the submission made by the applicant and discussed the matter at length and observed that there is no merit in the request and the applicant has not submitted any cogent reason/ justification in support of their claim. Accordingly, it decided to reject the request of the firm.

(Action: Applicant)

PH Case No. 07 M/s. Imperial Readymade Garments Factory India Pvt. Ltd., Tamil Nadu
F. No. 01/60/162/360/AM20/PRC
PRC Meeting No.06/AM21 dated 28.07.2020

Subject: Extension in EOP against Advance Authorization No.0410137298 dated 13.06.2012.

The applicant had sought personal hearing in terms of Para 2.59 of FTP, 2015-2020, which was afforded on 28.07.2020. Shri Ali George, Managing Director, appeared on behalf of the firm and made the following submissions:

The applicant stated that they are doing exports of same commodity of materials regularly for which the goods have been imported under many advance authorizations and have fulfilled the EO in most of the cases with excess of 10% quantity and value from the stipulated obligation and got the EODCs. The above said particular case was the typical clerical error wherein the import quantity details maintained by their office and as per the customs data was different, which was not noticed by the Logistics manager while submitting the file to DGFT for getting EODC. It may be noted that, subsequently they have taken many advance authorization license and got EODC. They have fulfilled the export to the tune of almost 97.54% and for the balance 2.56% they have requested to allow them to export to complete the EO. They also explained that after making exports, request for redemption was made in 2013, but deficiency with respect to excess imports was issued only in 2015 and by that time, EOP on the authorization had expired. So their request is for extension in EOP for completing the balance exports.

<u>Decision:</u> The Committee heard and reviewed the case based on the submission made by the applicant and discussed the matter at length and decided to defer the case to seek a detailed report, in chronological order, of the events from the date of filing of redemption request till today, from RA, Chennai before taking the final decision.

(Action: Applicant/RA-Chennai)

PH Case No. 08 M/s. Usha Martin Limited, Kolkata
F. No. 01/60/162/551/AM20/PRC
PRC Meeting No.06/AM21 dated 28.07.2020

Subject: To allow MEIS benefit manually in view of the late uploading of the e-BRC by the Banks.

<u>Decision:</u> The applicant had sought personal hearing in terms of Para 2.59 of FTP, 2015-2020, which was afforded on 28.07.2020, but no one appeared on behalf of the firm. The Committee decided to defer the case.

(Action: Applicant)

PH Case No. 09 M/s. Shockley Hall Electronics (P), Kolkata
F. No. 01/60/162//AM20/PRC
PRC Meeting No.06/AM21 dated 28.07.2020

Subject: Clubbing of 4 Advance Authorisations No.(i) 0210205108 dated 31.10.2014, (ii)0210205803 dated 15.05.2015, (iii) 0210207083 dated 17.10.2016, and (iv) 0210207644 dated 31.05.2017.

The applicant had sought personal hearing in terms of Para 2.59 of FTP, 2015-2020, which was afforded on 28.07.2020. Shri Rajarshi, Chakraborty, appeared on behalf of the firm and made the following submissions:

The applicant stated that during that period the biggest toy retailer "toys R Us" was in a difficult financial situation which resulted in the closure of the same in 2017 and which had a cascading effect on all toy buyers. For this reason they could not export the items under the first license 0210205108 in time and the delay is beyond their control. It was almost like a force Majeure condition. For the other licenses, the export was also affected for this. But afterwards the exports were made proportionate to the imports and the exports were done with the material available against the previous imports. Thus the EO for the entire four license, if clubbed together, is fulfilled. They contended that their toys were licensed products and with bankruptcy of Toys R Us, they had great difficulty in finding buyers for making the exports. Moreover, their export products toys are a seasonal product and for any reason the exports cannot be completed in one season, they need to wait for the next season where the gap is for 1 year. 71% of the toys sales in one year is done during the Christmas and if the export is not completed during that time, they have to wait for next year Christmas. Thus the export fulfillment time is more than EOP stipulated. Their request for clubbing is otherwise covered as per the provisions of FTP/HBP, except for the condition of 18 months from the date of first authorization.
In support of their claim, firm had promised to submit evidence of Toys R Us Bankruptcy, purchase orders for Toy R Us supply, Licencing arrangement of Sesame Street Products. Same have been submitted.

Decision: The Committee heard the submission made by the firm and discussed the matter at length and decided to relax the condition of 18 months from the date of issue of first Advance Authorisation for clubbing of four Advance Authorizations No.(i) 0210205108 dated 31.10.2014, (ii)0210205803 dated 15.05.2015, (iii) 0210207083 dated 17.10.2016, and (iv) 0210207644 dated 31.05.2017. The other terms and conditions for clubbing shall remain same as per policy/HBP provisions. The firm shall approach RA within 30 days from the date of uploading of the minutes of meeting.

(Action: Applicant/RA-Kolkata)

PH Case No. 10 M/s. Shubhalakshmi Polyesters Limited, Gujarat
F. No. 01/60/162/746/AM20/PRC
PRC Meeting No.06/AM21 dated 28.07.2020

Subject: Clubbing of 3 Advance Authorization No.(i) 5210042233 dated 17.04.2017, (ii) 5210043025 dated 05.04.2019 and (iii) 5210043097 dated 01.07.2019.

The applicant had sought personal hearing in terms of Para 2.59 of FTP, 2015-2020, which was afforded on 28.07.2020. Shri J.P. Singh, General Manager Exports and

Shri Vinod Jain V.P. Accounts & Finance, appeared on behalf of the firm and made the following submissions:

The applicant stated that during 2017-19 they had obtained the above 3 advance authorisations for export of Polyster Oriented Yarn (POY) and Polyster Chip to various countries. However, due to certain factors beyond their control they have not been able to fulfill the EO against the first authorization obtained by them in April 2017, though they have also not utilized the said authorization fully. Accordingly, they have applied for clubbing that authorization with two other authorization obtained in subsequent years which are still valid and partially unutilized, to regularise and discharge all the three authorizations in terms of the policy provision in this regard. First authorisation was issued on 17.04.2017 for export of 10000M.T. of POY against import of PTA and MEG and other raw material as per SION. However, due to certain external geo-political and economic conditions in the export market and domestic monetary and fiscal policy changes effected during 2017-8 the export obligation against this authorization could not be fulfilled ever after the extension of the export obligation period up to 16.05.2019 and despite their best efforts. Due to the market conditions, vide amendment to the said authorisation dated 24th October, 2019 the FOB and CIF value of the authorization were also reduced. The basic reasons for dismal export performance during this period and hardship faced by the company are the internal and external conditions prevailing at the relevant time, which were beyond the control of the company, and which prevented the company to fully utilize the authorization. The conditions have further worsened because of the general global economic slowdown due to the spread of Covid-19 Pandemic, which will not allow the applicant to operate the authorizations. The that only such authorizations shall be clubbed which have been issued within 18 months from the date of issue of earliest authorization that is sought to be clubbed to regularize does not seem to have envisaged the kind of internal and external conditions as highlighted in the said application. It may therefore be appreciated that it is a most genuine case requiring relaxation of the said condition of para 4.38 of the HBP to allow clubbing and closure of all the above three authorizations. It may be noted that they have achieved significantly higher value addition against the combined values of the authorization than the value addition imposed.

Decision: The Committee reviewed the case on the justification submitted by the applicant and discussed the matter at length. The Committee noted that the applicant has not submitted any cogent reason/ justification in support of their reconsideration of claim. Accordingly, the Committee decided to maintain the earlier decision of PRC Meeting No.29/AM20 dated 28.01.2020(Case no.16).

(Action: Applicant)

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